HOUSE OF REPRESENTATIVES—*Thursday, October 24, 1985*

The House met at 10 a.m. and was called to order by the Speaker pro tempore [Mr. WRIGHT].

DESIGNATION OF SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC,
October 23, 1985.

I hereby designate the Honorable JIM WRIGHT to act as Speaker pro tempore on Thursday, October 24, 1985.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

Rabbi Lynne Landsberg,, Temple House of Israel, Staunton, VA, and Beth El Congregation, Harrisonburg, VA, offered the following prayer:

Lord, this day, be with those whom we have chosen to lead us. We pray this morning for all men and women who hold positions of responsibility in our national life. Let Your blessing rest upon them. Allow them to listen to each other with open minds and hearts so that they may be responsive to Your will—that our Nation be to the world an example of justice and compassion.

Cause each of us to see clearly that the well-being of our Nation is in the hands of all its citizens. Deepen our love for our country and our desire to serve it. Teach us to uphold its good name by our own right conduct.

Lord, You are the Lord of all nations and parent to all creation. Help us to understand that freedom is a worldwide right that when guarded for only a select few is in itself defeated.

Imbue us, therefore, with zeal for the cause of liberty in our own land and in all lands so that all who live on this Earth may find freedom, prosperity, contentment, and peace—their heritage as children of God.

We rejoice in the variety of perspectives that constitutes this House of Representatives. We rejoice in the pluralism that defines our country. And on this, the 40th anniversary of the United Nations, we rejoice in the spectrum of cultures that colors the entire human family. For the joy of community, for the gift of diversity, and for the vision of harmony, we offer our grateful thanks.

"Baruch atah adonai elohenu melech haolam shehechehyanu, v'keeyihmanu, v'higiyanu, lazman hazeh." Blessed are You, O Lord, our God, who gives us life, sustains us, and has brought us in health to the tasks of this day. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

RABBI LYNNE LANDSBERG

(Mr. OLIN asked and was given permission to address the House for 1 minute.)

Mr. OLIN. Mr. Speaker, it is with great pleasure that I rise to introduce Members of the House to Rabbi Lynne Freyda Landsberg, who is our guest chaplain today.

Rabbi Landsberg was among the first 30 women ordained as rabbis in the United States. She came to the Shenandoah Valley of Virginia last year to serve a seven-county area. She is the valley's only rabbi and first woman in that position. Her congregations are Temple House of Israel in Staunton and Congregation Beth El in Harrisonburg.

She comes to our valley with an impressive educational background: bachelor of science in education from Boston University, master of theological study at Harvard Divinity School, and master of arts in Hebrew literature from Hebrew Union College, Jewish Institute of Religion.

While maintaining a heavy schedule in professional activities, both locally and nationally, she is also taking a very active part in the cultural life of our valley and we are proud that she has been honored by being selected to be here today.

PERMISSION TO MODIFY LATTA AMENDMENT TO H.R. 3500, OMNIBUS BUDGET RECONCILIATION ACT OF 1985

Mr. LATTA. Mr. Speaker, I ask unanimous consent to strike from my amendment which appears on page H8910 of the CONGRESSIONAL RECORD of October 17, 1985, the following, "Page 481, strike out line 1 and all that follows through line 6 on page 486." and insert in lieu thereof the following: "On page 482, line 11, strike out "1986" and insert "1988." "; "Strike out section 10025 and subtitle C of title X (page 537, line 17, through page 545, line 8)."; and all the conforming amendments to page 486 through 494.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

There was no objection.

FREEDOM TO EXERCISE RELIGION IN PUBLIC PLACES

(Mr. ARMEY asked and was given permission to address the House for 1 minute.)

Mr. ARMEY. Mr. Speaker, Thomas Jefferson was in France when James Madison finally got the Virginia General Assembly to adopt a statute for religious freedom. Jefferson had written this statute 7 years earlier and said that getting it passed was "the severest contest in which I have ever been engaged."

This statute put in words the idea of separation of church and state. Today, this separation doctrine is being used to restrict religious freedom.

What better way to understand what Jefferson meant in the statute than to listen to his own words:

> That no man shall be compelled to frequent or support any religious worship, place, or ministry whatsoever, nor shall be enforced, restrained, molested, or burthened in his body or goods, nor shall otherwise suffer on account of his religious opinions of belief * * *.

Mr. Speaker, what Mr. Jefferson wanted for Americans was not freedom from religion, but freedom to pursue religion wherever their conscience led.

Many Americans feel compelled to exercise this freedom in public places. I seriously doubt Mr. Jefferson would object.

GIVE OUR YOUNG PEOPLE JOB OPPORTUNITIES

(Mr. COMBEST asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. COMBEST. Mr. Speaker, summer jobs play an extremely important role in the future of any young person. In addition to the monetary benefits received, summer employment demonstrates responsibility and ambition to prospective future employers.

Unfortunately, youth unemployment remains high, particularly for minorities. Some of these young people do not have the skills necessary to earn the minimum wage and are unable to secure jobs even during the

summer when youth employment is at a peak.

There is a proposal currently pending in the House that would help to alleviate this unemployment problem. H.R. 1811, the Youth Employment Opportunity Wage Act of 1985, would allow employers to hire youths at $2.50 per hour during the summer months. This legislation has built-in safeguards to prevent displacement of regular employees in favor of the subminimum wage earners.

I encourage my colleagues to join me in cosponsoring H.R. 1811 which is endorsed by the National Federation of Independent Business, the U.S. Chamber of Commerce, and other organizations. We must give our young people the opportunity to obtain the experience that will ultimately fortify our Nation's work force.

FARM CREDIT SYSTEM

(Mr. VALENTINE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VALENTINE. Mr. Speaker, I think all of us here today realize the immensity of the crisis which America's farmers are currently facing, not only because of the depressed agricultural economy, but because of the farm credit crisis as well. Every day we see news stories about farmers across this great Nation being forced to leave their farms, family farms which may have been handed down from generation to generation, because they are unable to pay their mounting debts caused by rising interest rates and depressed commodity prices.

It is because of the pain I have seen in the faces of these farmers that I stand here today imploring this body to join me in supporting House Concurrent Resolution 190. The Farm Credit System is in urgent need of repair, and it is vital that the proposed National Commission on the Farm Credit System be approved without further delay.

This crisis will not go away overnight. It is only going to get worse unless direct and immediate action is taken by the President in conjunction with Congress. Because the proposed Commission would report its findings and recommendations to the President and Congress within 3 weeks of its creation, the Farm Credit System could soon be on a path toward recovery, ending the uncertainty and destabilization that has victimized the agricultural economy in recent years.

YOUTH OPPORTUNITY WAGE ACT

(Mr. SCHUETTE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUETTE. Mr. Speaker, I rise today in support of the Youth Opportunity Wage Act, and would urge my colleagues and 69 other Members of the House who joined with me in sponsoring this piece of legislation to join in and be a sponsor of this important tool to reduce the high teenage unemployment that is gripping this Nation because we see teenagers, young people under 20, frozen out of the job market today. This legislation would permit and would have safeguards so we do not displace or discharge or transfer existing jobholders. By sponsoring this legislation and passing this legislation we would give young people an opportunity for a job. We would give young people an opportunity for career development and we would be giving young people hope for a better future.

So, Mr. Speaker, I urge my colleagues to join with me in sponsoring the Youth Opportunity Wage Act.

I thank the Speaker.

NUCLEAR TECHNOLOGY IN THE HANDS OF TERRORISTS

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BURTON of Indiana. I thank the Speaker.

And now for the bone-chilling tale of the day: Mr. Speaker, we have agreed to sell to the Red Chinese nuclear technology, and it was reported in the news today that they have been selling nuclear technology to Iran. The Ayatollah Khomeini, one of the leading advocates of terrorism in the world, is going to get from our friend, Red China, nuclear technology. Can you imagine that? I certainly cannot. There are two things that come to mind when I think about this: No. 1, we sure need the strategic defense initiative. If Ayatollah Khomeini gets a delivery system and has nuclear technology and can develop a nuclear bomb, he can launch it whenever he wants to with his terrorist ideas at the United States of America. So we need the strategic defense initiative. Second, we should reevaluate our policy of doing business with the Red Chinese, especially where nuclear technology is concerned, if they are going to be selling that same technology to terrorists.

□ 1015

FIRST COLUMBUS LANDING ON U.S. TERRITORY

(Mr. DE LUGO asked and was given permission to address the House for 1 minute.)

Mr. DE LUGO. Mr. Speaker, I will bet that many of my colleagues would be hard pressed to tell you where the first Columbus landing took place—on territory that is now under the U.S. flag. But any U.S. Virgin Islander would be proud to inform you that our islands hold that distinction.

During the second voyage to the New World, on November 14, 1493, Columbus landed on the island of St. Croix. He was sailing on the ship *Mariagalante* along with 16 other vessels. He named the island "Santa Cruz," now known as St. Croix, after the Feast Day of the Holy Cross. There Columbus found a settlement of several hundred native Indians, known to us as the Caribs.

The people of the U.S. Virgin Islands take great pride in this historic encounter. In preparation for the quincentennial celebration planned for 1992, the Christopher Columbus Jubilee Committee was formed in St. Croix this year to bring national attention to our role in the Columbus discoveries. The committee has already petitioned for a commemorative stamp and coin to mark the occasion.

I share their enthusiasm because a greater understanding of all of the U.S. territories and their role in this Nation's history is needed. Any commemorative marking of the St. Croix landing would serve as an excellent educational vehicle in chronicling the role of the West Indies in the discovery of the New World. It would also serve, just as importantly, to bring attention to the strategic importance the Virgin Islands maintain as a democratic role model for this Nation in the Caribbean Basin.

THE GRAMM-MACK PROPOSAL

(Mr. MONSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONSON. Mr. Speaker, although balancing the budget is not a new idea, legislation which forces discipline on Congress is a new idea.

As a CPA, I am shocked by the Federal Government's budgeting practices. They ignore the most basic, commonsense accounting principles. There is simply no correlation between how much money is taken in and how much is spent. I would be willing to bet that nearly every family in this country has better sense than the Federal Government when it comes to watching pennies and balancing a budget. In fact, if a family followed Congress' example, their finances would be in the worst state of turmoil imaginable.

The Gramm-Mack proposal is one big step toward revamping the budget process. It may help put some new words into the congressional vocabulary. Such words as "restraint," "discipline," "reason," and perhaps a new definition of the word "budget." The word "budget" in Congress has never

meant balancing debits and credits. I'm not convinced Congress has ever understood that definition.

We need a balanced budget. We need fiscal discipline. We must enact the Gramm-Mack proposal immediately. And we must follow that up with a balanced budget amendment for future generations as well.

THE PROPOSED ARMS SALE TO JORDAN

(Mr. TRAFICANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TRAFICANT. Mr. Speaker, on May 14, 1948, Jordan joined Syria and four other Arab countries in a combined attack against Israel. Since 1948, Jordan has taken some form of military action against Israel five additional times.

Technically, Israel and Jordan are still at war.

Today I rise to express my strong opposition to the administration's proposed arms sale to Jordan. This is one crazy way to try and deal with our trade problem. I do so because I believe it harms both the United States and Israel interests in the Middle East.

It reduces the incentives for King Hussein to enter the peace process. It escalates an already staggering arms race in the region and increases the likelihood of another conflict. Until the King makes peace with Israel, a Jordanian arms buildup adds to the threat to the Jewish state. The King has moved away from the idea for direct negotiations between Jordan and Israel, and instead is proposing negotiations between the United States and the PLO.

Finally, the King's emphasis on this policy is additional evidence that he is not ready for face-to-face negotiations with Israel at all.

I believe with these conditions in place we cannot provide Jordan with any additional arms until real and meaningful dialog for peace is underway.

Again, this is one crazy way to look at our trade problem.

THE GRAMM-RUDMAN-MACK DEFICIT REDUCTION PROPOSAL

(Mr. KOLBE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KOLBE. Mr. Speaker, it was inevitable. The vigorous counterattack against enactment of the Gramm-Rudman-Mack deficit reduction plan is underway.

Letters, mailgrams and phone calls from interest groups are pouring in. The media has weighed in with a hand-wringing editorial campaign against its enactment. Even the administration has said that it is not sure it likes Gramm-Rudman-Mack because of the limits it could put on the needed defense buildup.

There is just one group that remains to be heard from: The American people. They know we're spending too much. They know we have demonstrated an uncontrollable urge to spend even more. And they want something done to stop it.

In my own State of Arizona in 1980, the people adopted strict limitations on spending and taxation. They put a stop to a government whose spending habits were growing faster than their earning abilities. And it works.

Gramm-Rudman-Mack isn't perfect. It doesn't solve all problems and those it does tackle, it doesn't do perfectly. But it does give us a chance to curb spending. It gives hope to our children and grandchildren that we won't spend them into oblivion.

Mr. Speaker, I hope the conference committee will very soon report strong measures to curb spending and cure our deficits.

YOUTH UNEMPLOYMENT OPPORTUNITY WAGE ACT OF 1985

(Mr. OXLEY asked and was given permission to address the House for 1 minute.)

Mr. OXLEY. Mr. Speaker, ask any teenager: Would you rather have a job paying about a dollar an hour less than the minimum wage or no job at all?

Having a job comes out on top every time.

Unemployment for those age 16 to 19 has been consistently higher than the overall unemployment rate. To encourage employers to hire youth age 19 and under from May 1 to September 30, I urge my colleagues to support H.R. 1811, the Youth Employment Opportunity Wage Act of 1985, introduced by the gentleman from Mississippi, Mr. TRENT LOTT.

The U.S. Labor Department has estimated that up to half a million new jobs would be created for unemployed youth if this proposal to reduce the minimum wage during the summer were implemented.

Youth unemployment is a national concern and we must work toward making Government-created wage rates more flexible to enable young people to find jobs and gain valuable work experience. Congressman LOTT's bill will achieve this purpose.

The status quo has failed miserably. Let's give youth opportunity wage a chance.

UNITED STATES-JAPANESE TRADE

(Mr. RICHARDSON asked and was given permission to address the House for 1 minute.)

Mr. RICHARDSON. Mr. Speaker, this week at the United Nations another summit meeting is scheduled between the President and Prime Minister Nakasone of Japan. Like most summits, that our two leaders have had, once again there will be smiles and promises—and on the Japanese side, no action.

Mr. Speaker, for 2 years the Prime Minister of Japan has promised to "Buy America"; he has promised export reductions; access to Japanese markets. He has made many promises that he failed to deliver on. He has made promises on better treatment of U.S. wood products, pharmaceuticals, telecommunications and many other items, and he has not delivered. Lots of promises, and smoke and mirrors, but no concrete action except smiles and rhetoric.

Last week our negotiators on telecommunications were rebuffed by the Japanese in Tokyo. Japan is a friend and ally, but once again we must stop and say: How many more times are we going to get smiles and promises from Mr. Nakasone and Japan? The Congress waits and waits—if this wait continues and there is no action on the Japanese side, Mr. Nakasone's smiles will soon turn to frowns.

MEMBERS URGED TO VOTE FOR LATTA AMENDMENT TO H.R. 3500

(Mr. SNYDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SNYDER. Mr. Speaker, yesterday during general debate of the Reconciliation Act, the leadership of the Public Works Committee recommended strongly a vote against both the Latta amendment and the Fazio amendment on the basis of the fact that the Latta amendment took the trust funds for highways and aviation that we were proposing to take out of the unified budget and leave them in the unified budget.

Earlier today, by unanimous consent, the gentleman from Ohio changed his amendment so that the trust funds will come out of the unified budget beginning in fiscal year 1989.

As far as I am concerned, that takes away any objection that I have to the Latta amendment, and I would urge our Republican members of the Public Works Committee who had committed to a vote against Latta for that reason to now support the Latta amendment but to vigorously oppose the Fazio amendment.

I yield to the gentleman from New Jersey [Mr. HOWARD].

Mr. HOWARD. I thank the gentleman for yielding.

Mr. Speaker, I will like to say that we spent the last several days urging the members to oppose the Latta amendment and the Fazio amendment based on this highway trust fund and airway and transit trust fund provision that we have, and we do find that that has been amended satisfactorily in the Latta amendment. Now, there may be many reasons that many of us on both sides of the aisle would want to oppose the Latta amendment but not on the Public Works position; however, we would urge Members to still strongly oppose the Fazio amendment should that come up during the deliberations.

TERRORISM MUST NOT BE TOLERATED

(Mr. BRYANT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BRYANT. Mr. Speaker, every American is justifiably appalled by the repeated acts of terrorism directed at our citizens, allies, and other innocent people around the world by international criminals. The latest of these barbarous acts—the sea-jacking of a cruise ship and the indefensible murder of a defenseless American citizen confined to a wheelchair demanded swift and effective response.

Our immediate strong pursuit and capture of these criminals by air was justified, effective, and long overdue. But we must do more still to stop terrorism.

The four terrorists responsible for this heinous crime have been apprehended and will be brought to justice. This will, I hope, send a clear signal to others who have planned and executed such terrorist acts that the United States—and presumably her allies—will not tolerate bombings, hijackings, kidnapings, or killings such as those we have witnessed in recent years without an immediate response.

Bringing a handful of terrorists to justice and insuring that the punishment they receive fits the dastardly crimes they committed, however, is not enough.

Those who masterminded this awful plot against all civilized morality remain free and are no doubt plotting terrorist acts of retribution for America's unified strong stand against these four international criminals.

We must take even stronger and more far-reaching action still to help insure that terrorists can have no place to hide. We must make certain that those nations which aid and abet their efforts—whether through fear or complicity—know that we in America mean business.

Not only am I in support of the action we took in capturing these hijackers, despite the considerable risks involved, but I have also joined with several of my colleagues in the Congress in working to increase our ability to fight terrorism.

I have cosponsored legislation to terminate all forms of U.S. assistance to any nation that has an opportunity to prosecute international terrorist acts, but fails to do so. The legislation also directs the President to develop a plan, in cooperation with our Western allies, to respond swiftly and certainly to terrorist incidents, to obtain and distribute accurate intelligence concerning terrorists threats, resolve any crises resulting from terrorist incidents.

So long as there is one nation on Earth where terrorists are safe to pursue their madness, no individual, group, or country is secure. So I also propose that, in concert with the civilized nations of the world, we offer a sizable reward for the apprehension, prosecution, and conviction of any person involved in the planning or execution of any terrorist act.

International terrorism constitutes one of the gravest and most serious threats to free and open societies. Not only must we begin taking the strong steps necessary to protect our own people, but we must let the world know that we regard failure to act against terrorism and its perpetrators as an act of hostility toward civilization.

PERSONAL EXPLANATION

Mr. ST GERMAIN. Mr. Speaker, in the October 23, 1984, issue of the CONGRESSIONAL RECORD I am recorded as having missed rollcall No. 368 on the Health Research Extension Act. I know full well I put my card in and went over to the Senate for a meeting, but unfortunately it did not record. I just want it noted in the RECORD that I did vote for it, I thought. But that is the electronic voting for you.

THE LATTA AMENDMENT TO H.R. 3500

Mr. ST GERMAIN. Mr. Speaker, I am very disappointed in what happened a little earlier today. I am disappointed that the leadership could not have alerted us to the fact that it was going to happen. I am chagrined to hear that since Public Works now has been taken out of the Latta amendment that the members of the Public Works Committee might well go the other way. We will be watching the vote very closely, those of us on the Banking Committee, and we hope that the people on Public Works will not forget what almost happened to them and not do it to us and not allow us to have a housing bill to go to the Senate so that the Senate will indeed consider a total housing bill. We will discuss this a little further in the debate on the Latta amendment.

□ 1030

UNEMPLOYMENT AMONG OUR YOUNG AMERICANS REMAINS A SERIOUS PROBLEM

(Mr. BILIRAKIS asked and was given permission to address the House for 1 minute and to extend his remarks.)

Mr. BILIRAKIS. Mr. Speaker, in March of this year President Reagan urged the Congress to enact H.R. 1811, the Youth Employment Opportunity Wage Act of 1985. I share the President's opinion that providing adequate employment opportunities for our young people is a longstanding problem. In these times of economic prosperity, we tend to forget that unemployment among young Americans, particularly blacks and Hispanics, remains a serious problem.

The minimum wage has most hurt unskilled youth by pricing them out of the job market, at a time when they need to learn good work habits, responsibility, and acquire skills that will help them become upwardly mobile. H.R. 1811 would create a youth minimum wage effective for the months of May through September. During this period employers may not fire or demote other employees to take advantage of the special minimum wage level, and the Secretary of Labor would be required to monitor the program and report to the Congress on its effectiveness.

Our young people would learn the basic ingredients of success through the development of job skills. Their contributions will help insure the continued strength of our economic and political system, a system which requires the participation of all Americans. I feel that our young people are in need of this opportunity, and the Congress is in a position to make it possible.

REJECTION OF THE LATTA AMENDMENT URGED

(Mr. GRAY of Pennsylvania asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GRAY of Pennsylvania. Mr. Speaker, unfortunately something has taken place this morning which I think really is not fair and does not serve the process of this House well.

There were going to be amendments that were offered during the reconciliation process which have been decided upon by the Rules Committee, but unanimous-consent was requested to take the trust funds and put them off budget in 1989, as I understand it, as a part of the Latta amendment.

I would like to say that if I had been present and on the floor, I would have objected to that, and therefore, I will urge Members of this body to oppose Latta, if they are serious about budgeting, if they are serious about keeping everything in the budget. How can you take off three major trust funds? And if you take those off, you better be prepared to take the rest of the trust funds off of the budget as well.

I am extremely disappointed that the Member who made that unanimous-consent request, who is also a member of the Budget Committee, never conferred with the Chair to find our position. So therefore I am forced to oppose that unanimous consent request by urging the rejection of the amendment which will be offered later by the gentleman from Ohio, the Latta amendment.

Mr. HOWARD. Mr. Speaker, will the gentleman yield?

Mr. GRAY of Pennsylvania. I yield to the gentleman.

Mr. HOWARD. I thank the gentleman for his statement, and I have stated myself that does not mean the Members of the Public Works Committee are automatically going to be supporting the Latta amendment, including myself.

I would just like to ask the gentleman one question: Is it not true that the Budget Committee, having received from the Public Works Committee the provision that takes trust funds off budget, did submit the reconciliation bill to the Rules Committee with no recommendations one way or the other concerning the trust fund?

Mr. GRAY of Pennsylvania. The Budget Committee voted 22 to 7, including the Member who made the unanimous-consent request this morning, to submit as the Budget Act calls for, the entire reconciliation package. The Budget Committee does not have the ability to offer anything submitted by the committees under reconciliation.

We have a ministerial duty which passes it to Rules. Rules then decided whether or not to allow amendments. The Rules Committee in its wisdom decided to allow three amendments. There would be ample opportunity to debate the question of new authorizations. There would be an opportunity to debate the question of keeping the trust funds on. There would also be an opportunity to debate the Amtrak reauthorization.

I think what we have seen here today through this unanimous-request and by the combining of the new authorizations with the issue of the trust funds is an unfortunate thing that therefore means that we ought to all vote against the Latta amendment.

THE ISSUE OF THE TRUST FUND AND THE HOUSING FUND SHOULD BE SEPARATE ISSUES

(Mr. BARTLETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BARTLETT. Mr. Speaker, I thank my colleagues for allowing me to go a bit out of order, but to follow up on what the chairman of the Budget Committee said just a minute ago, I would call the House's attention to several facts on the Latta amendment.

First of all, the Fazio amendment is still in order, and that is on a freestanding basis the House will be able to decide what to do with the highway and the airport trust fund, and that is the way it should be, a freestanding basis. It should come as no surprise that many of us had long advocated the opportunity to vote on the housing bill and those reauthorizations separately. In fact, I testified before the Rules Committee to ask that such a thing be put in order.

The Fazio amendment, in my judgment, should never have been included in the Latta amendment in the first place. They are two separate issues. Now the House will have the opportunity to vote simply on the reauthorization issues of legislative issues, primarily the extension of the housing bill, within the context of a freestanding vote up or down.

We will urge that the Latta amendment be adopted on its own so the House then can consider the housing bill on its own merits.

Mr. SCHUMER. Mr. Speaker, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman.

Mr. SCHUMER. Mr. Speaker, I thank the gentleman from Texas.

A question just comes to mind if the other side was so eager to see things voted separately then why did the chairman, the ranking minority of the Budget Committee combine them all in one amendment?

Mr. BARTLETT. Reclaiming my time, I appreciate the gentleman's question because I do not know why. I have long urged the ranking member, Mr. LATTA, of the Budget Committee to separate the amendments, and I testified to that effect in the Rules Committee, and I would simply urge that the issue of the trust fund and the issue of the housing bill could be two separate issues and should be considered that way.

Mr. SCHUMER. If the gentleman would yield further, there are five items still attached in Latta. Why did he just choose one? I would urge the gentleman and I would wager to the gentleman that if the other side was serious about budget deficit reduction instead of just making what we used to call in the legislature a "rain dance," they would have separated them all or put them all together. There are a lot of games going on here.

THE TRUE COLORS OF THE OTHER SIDE HAVE BEEN REVEALED

(Without objection, Mr. SCHUMER was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SCHUMER. Mr. Speaker, I would like to say to my colleagues that what happened on the floor a few minutes ago reveals the seriousness of the other side about deficit reduction.

When it comes to a program like low-income housing, they are very serious about deficit reduction. When it comes to highways or airports or offshore oil, they are not very serious about deficit reduction.

The gentleman from Ohio has now exempted probably the No. 1 area of deficit reduction. Removing the airport and highway trust funds from the budget increases the deficit by more than anything that exists in the Latta amendment. I would just say before I yield to my good frined, the gentleman from Texas, that the true colors of the other side have been revealed. Let us make a few headlines, let us make a little noise, but let us not really reduce the deficit across the board.

Mr. BARTLETT. Mr. Speaker, will the gentleman yield?

Mr. SCHUMER. I yield to the gentleman.

Mr. BARTLETT. I assume then that the gentleman will vote for the Fazio amendment as will I vote against it. I testified openly, publicly, privately in every capacity that the public works amendment and the housing amendment should be separate amendments, and I am glad that the gentleman from Ohio has done that this morning.

SUPPORT URGED FOR THE LATTA AMENDMENT

(Mr. RIDGE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RIDGE. Mr. Speaker, as a Member who has been interested in reform of the Urban Development Action Grant Program these past several years to make it more responsive to worthy and two needed projects across the country, I thought this House was going to have a chance soon to work its will on the UDAG Program when we opened floor consideration of H.R. 1, the housing bill.

Now I find that the housing bill has been deftly tucked into the budget reconciliation measure, and those of us who are interested in UDAG and other HUD programs important to our dis-

tricts will have to vote either up or down this entire lengthy bill without having a chance to get it explained or modify it.

Slipping this HUD authorization into a deficit reduction bill is, I can only suspect, some artful legislative sleight of hand which will deprive the Members of this House from having any say on one of our major economic development programs.

I urge my colleagues to join me in supporting the Latta amendment, which would permit us all to have a fair look at the housing bill under regular order that every other major authorization bill must endure.

□ 1040

THE GOOD NEWS AND THE BAD NEWS ON THE LATTA AMENDMENT

(Mr. FRANK asked and was given permission to address the House for 1 minute.)

Mr. FRANK. Mr. Speaker, the advice of my predecessor at the microphone would make a great deal of sense if Members have had a great hungering once again to participate in a model United Nations, because you could have the authorization come to the floor and you could debate it and vote on it and amend it, and it would die, it would go no further.

The reason the housing bill is in reconciliation is that the other body has refused to act on a housing bill. There was a meeting being held that was not going well. It got adjourned.

There ought to be some changes in UDAG. The gentleman from Pennsylvania alluded to changes in UDAG. There is a compromise whereby Members from the Northeast have supported broadening UDAG so it is more available in the South and the Southwest. That is in this authorization.

Defeat that piece. Vote for the Latta amendment, and UDAG will stay as it is, primarily a Northeastern program, for which I thank you in this specific. But I do not think it is good overall because we have no willingness on the part of the other body to act.

Yes, it would be good for Members to have a chance to vote. You can vote, you can dance, you can sing, you can do up-and-down and feel good, but the thing will die.

If you want to seriously legislate in the housing area, the only option we have been given by the other body is to do it in this way and send it to a conference.

So the good news is if you vote for the Latta amendment, you will get to make yourself look good by voting on the housing bill. The bad news is that it will not do you any good whatsoever because the other body will not act on it.

Mr. Speaker, this is the only way to act. It is a responsible bill. It is below budget. It has some new programs in it because it replaces some old programs at less money.

THE GRAMM-RUDMAN AMENDMENT

(Mr. GROTBERG asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GROTBERG. Mr. Speaker, the Federal Government has been ringing the budget deficit register for far too long now. We have a Bureau of Public Debt with about 2,400 employees and a $200 million budget just to manage the debt load. It's time to put a stop to the seemingly endless cycle of deficits and high interest payments taking money away from American citizens and businesses.

For a long time, the President and the Congress have been talking about reducing and eliminating the Federal deficit. Despite good intentions, efforts to cut the deficit beast down to size have been unsuccessful. Now an amendment known as Gramm-Rudman is pending in a House-Senate conference committee which would set mandatory deficit reduction goals for Congress and the President to follow. I strongly support the Gramm-Rudman amendment and I intend to vote for it if it is reported out of the conference committee intact. The Federal Government must begin doing what every American must do each day—live within its means.

The United States is nearing a $2 trillion deficit. A pile of $1,000 bills stacked 134 miles tall equals $2 trillion. Such an image well illustrates the dangerous implications of a high debt; $2,000,000,000,000—$2 trillion—is simply too much. Some economists fear that in the near future, interest payments on the Federal debt will actually exceed the budget deficit.

I urge my colleagues to support Gramm-Rudman so we never see the terrible results.

TRIAL OF LEONID VOLVOVSKY

(Mr. LEVIN of Michigan asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVIN of Michigan. Mr. Speaker, this morning our President has been addressing the United Nations about Soviet-United States relations. At the same time Leonid "Ari" Volvovsky stands in a Soviet courtroom on trial for so-called slandering the Soviet State.

What evidence have the Soviets produced for their charge? A single witness has claimed that Volvovsky gave her a copy of the book, "Exodus," and, therefore, he has engaged in distributing anti-Soviet material with the intention of slandering the Soviet Union.

The Government has not allowed Volvovsky's wife and daughter to attend the trial. In fact, the Soviets have named his wife as a prosecution witness to deny her the right to observe the trial.

Mr. Speaker, this is certainly not the climate that the U.S. Congress and the U.S. Government expects from the Gorbachev regime less than a month before the November summit. If the Russians are serious about progress at Geneva, they should drop their unsubstantiated charges against Leonid Volvovsky.

TRANSPORTATION TRUST FUND

(Mr. GINGRICH asked and was given permission to address the House for 1 minute.)

Mr. GINGRICH. Mr. Speaker, I think there is a great deal of confusion and to some extent misinformation about the Fazio amendment and about what has happened this morning.

The wording of the Latta request in the amendment which the gentleman from Ohio [Mr. LATTA] put in reduces the deficit on balance. The way it is worded, the trust funds will stay on budget for the next 2 years when it helps the deficit and go off budget at precisely the point to continue helping the deficit. To vote for Fazio would mean, according to the Congressional Budget Office, that the deficit will be larger by $80 million in 1989 and by $230 million in 1990.

The fact is that a Fazio vote is a pro-larger deficit vote. Furthermore, the argument that the trust funds going off budget will in any way hurt the social programs can only be true if you intend to steal from the people who pay the taxes directly, that is, the people who drive cars and pay gas tax, the people who fly airplanes and pay a passenger tax. Those taxes are in trust funds, and those trust funds are deficit proof. They cannot spend any more than they get in. They receive no general funds.

What we have been doing in the last few years is in a sense cheating the people who pay in order to build a better transportation system to buy up Government bonds instead of building the construction that is supposed to be built.

NO NEED FOR DISCHARGE PETITION

(Mr. SMITH of Florida asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SMITH of Florida. Mr. Speaker, I urge my colleagues not to sign the discharge petition on S. 49, the Firearms Owners Protection Act.

The Subcommittee on Crime, on which I serve, will be holding two hearings next week on a plethora of gun-related bills. The legislative process is working.

Furthermore, discharging the committee from further consideration of S. 49 would preclude the House's being able to correct language in that bill which would make it easier for guns to get into the hands of the criminal element.

Sarah Brady, wife of White House Press Secretary James S. Brady, has written that "we must take steps to ensure that criminals and other irresponsible persons cannot have free and easy access to these potentially deadly weapons."

If you want to stand on the side of James and Sarah Brady, law enforcement officers across the country, and the vast majority of the American people, then do not sign the discharge petition on S. 49.

APPOINTMENT OF ADDITIONAL CONFEREES ON H.R. 2419, INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that the Speaker be authorized to appoint five additional conferees on the bill (H.R. 2419) to authorize appropriations for fiscal year 1986 for intelligence and intelligence-related activities of the U.S. Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

The SPEAKER pro tempore (Mr. SLATTERY). Is there objection to the request of the gentleman from Texas? The Chair hears none, and, without objection, appoints the following conferees:

Additional conferees for matters within the jurisdiction of the Committee on the Judiciary under clause 1(m) of House rule X: Mr. RODINO and Mr. LUNGREN; and

Additional conferees for matters within the jurisdiction of the Committee on Armed Services under clause 1(c) of rule X: Messers. ASPIN, STRATTON, and DICKINSON.

There was no objection.

EFFORTS TO REDUCE UNEMPLOYMENT

(Mr. SHUMWAY asked and was given permission to address the House for 1 minute.)

Mr. SHUMWAY, Mr. Speaker, high unemployment is one of the most serious economic problems facing our Nation today, and is particularly acute among our Nation's youths. Currently, the teenage unemployment rate is 18.9 percent, and minority youth unemployment is 42 percent. These are sobering statistics which should be seriously addressed by this body.

Without question, minimum wage laws have created many of our youth unemployment problems. Employers are reluctant to invest limited resources to employ unskilled and inexperienced workers at the mandatory minimum wage. The Minimum Wage Commission reported that increases in the minimum wage have led to decreases in youth employment. A 1982 study by economist Robert H. Meyer and David A. Wise, who are associated with the National Bureau of Economic Research, indicated that employment in the 1970's would have been 7.1 percent higher for teenagers and 2.2 percent higher for the 20-24 age group had there been no minimum wage.

In response, Congress currently has before it proposals which would expand employment opportunities for young people by creating new incentives for summer youth employment. Among these is the subminimum wage proposal, which would allow employers to hire youth at about 75 percent of the minimum wage for summertime employment. Unlike make-work programs which do little to prepare individuals for placement in the job market, the subminimum wage provides incentive for employers to hire youth to do needed work, and make a valuable contribution to the job market. By encouraging employers to hire young people through the subminimum wage, unemployment among youth will be reduced and young people will be given a start in the job market. In the short run, an estimated 400,000 summer jobs will be added to the private sector in a wide variety of industries; in the long run, youth will gain experience which will lead to more substantial and responsible work in later years.

There is broad-based support for subminimum wage, including the Boys Clubs of America, the National Coalition of Hispanic Mental Health and Human Services Organizations, the Fraternal Order of Police, National Association of Minority Contractors, and the National Conference of Black Mayors to name a few. In light of this support in the private sector, and inasmuch as provisions of pending legislation prohibit the displacement of adults and already-employed youth, I urge strong House support for subminimum wage legislation.

TODAY'S WASHINGTON POST LEAD EDITORIAL

(Mr. SHAW asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHAW. Mr. Speaker, this morning we are greatly indebted to—of all things—the Washington Post for its lead editorial today which very neatly demolished the argument of those who oppose taking self-financed transportation trust funds off budget.

It is not that that was the Post's intent. Indeed, our friends at the Post are frantic at the idea of moving the highway, transit, and aviation trust funds off budget. But by inadvertence, the Post helped make our case.

□ 1050

The Committee on Public Works and Transportation has been arguing that there is no real justification for keeping these funds in the unified budget because the revenues are so distinct in terms of origin and in terms of end use, so thoroughly subject to congressional controls, that on-budget status is neither necessary, desirable, nor is it honest.

More specifically, the committee has argued that the principal rationale for keeping them in the unified budget is one of shabby deception at odds with the principles of honest budgeting and honest accounting; namely, to make the general fund deficit look smaller and therefore make a little more room for deficit spending programs.

Now comes the Post supporting our contention, if not our case. "The present unified budget," reads the editorial, "in which all funds are combined, was adopted in the Johnson administration. (President Johnson liked the idea because the surplus in the Social Security fund made the general fund deficit look smaller.)"

Thank you, Washington Post. The former President liked that sort of budget gimmick. That's not news. And so does the Office of Management and Budget today. And a lot of people on the Budget Committee, and the Appropriations Committee, and Mr. FAZIO. That doesn't make it any more honest today than it was in the late 1960's.

I urge my colleagues to vote "no" on Fazio and to support the Latta amendment.

SEPARATE VOTE ON FAZIO AND LATTA AMENDMENTS

(Mr. PACKARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PACKARD. Mr. Speaker, I am particularly delighted that we have been able to separate the major issues involved in the voting today.

The Fazio amendment addresses the issue of the trust funds, and the Latta amendment addresses primarily issues of deficit reduction. To join those two together will prohibit the Members of this body from being able to vote on those two issues separate and apart. Now we have that opportunity, and I applaud the action taken that allows this.

There is inherent within the reconciliation bill an automatic raise for the Members of Congress. Some of us violently object to that provision and want to vote against it. But at the same time, there are many of us who are very concerned about putting the trust funds within the unified budget. This will allow us now to vote separately on these issues, which I think this body has a right to do. I certainly support the Latta amendment in the present form and would encourage this body to oppose the Fazio amendment which would put the trust funds in the unified budget.

YOUTH EMPLOYMENT OPPORTUNITY WAGE

(Mr. LAGOMARSINO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Speaker, one of this Nation's most serious longstanding problems is providing adequate employment opportunities for our young people. Teenage unemployment has been historically two to three times that of adult unemployment rates. The impact of these unemployment figures on our Nation's youth are not only economic but social. Inadequate work opportunities act as a disincentive for many youth to continue their education and shifts their attention to less desirable pursuits, such as crime and delinquency. A great deal of Federal Manpower Training and Antipoverty Programs has been extended to improve this group's employment situation, with little success. The youth unemployment opportunity wage would be a much more effective strategy of combating youth unemployment and would help ease Federal budgetary pressures. The Labor Department has estimated that a youth subminimum wage would create 400,000 new jobs and the total could reach 640,000 if States with their own laws implement a similar program.

Mr. Speaker, the concept of a youth employment opportunity wage has attracted a broad coalition of support from such diverse groups as the National Conference of Black Mayors, the U.S. Chamber of Commerce, and the American Farm Bureau. I urge my colleagues to support the youth employment wage proposal because a job paying $2.50 per hour sure beats no job at all.

GRAMM-RUDMAN-MACK

(Mr. BOULTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BOULTER. Mr. Speaker, I rise in support of the Gramm-Rudman-Mack bill.

One of the strongest points of the bill is the beneficial effect it is likely to have on interest rates. As most of you know, real interest rates have been at a near historic high, despite most economic indicators being positive.

Unquestionably, the main reason for such excess caution in the financial markets is that we have sent no meaningful signals that we intent to do anything about the deficit. There is no reason for the markets to believe we are not going to let the Federal debt continue spiraling out of control, moving like a destructive hurricane across the economic landscape.

Gramm-Rudman-Mack gives them that reason. Its passage would show that we, in Congress, are committed to getting our fiscal house in order. It would nullify the fears of inflation caused by the prospect of continually larger deficits.

It would, without a doubt, bring down interest rates and generate economic growth. This increased growth would expand the tax base, generating additional revenue that will help narrow the deficit and lessen the need for draconian budget cuts.

CALL OF THE HOUSE

Mr. GRAY of Pennsylvania. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The call was taken by electronic device, and the following Members responded to their names:

[Roll No. 369]

Ackerman	Brown (CO)	DeWine
Akaka	Bruce	Dickinson
Alexander	Bryant	Dicks
Anderson	Burton (CA)	Dingell
Andrews	Burton (IN)	DioGuardi
Annunzio	Bustamante	Dixon
Anthony	Byron	Donnelly
Applegate	Callahan	Dorgan (ND)
Armey	Campbell	Dornan (CA)
Atkins	Carney	Dowdy
AuCoin	Carper	Downey
Barnard	Carr	Dreier
Barnes	Chandler	Duncan
Bartlett	Chapman	Durbin
Barton	Chappell	Dwyer
Bateman	Chappie	Dymally
Bates	Cheney	Dyson
Bedell	Clay	Early
Beilenson	Clinger	Eckart (OH)
Bennett	Coats	Eckert (NY)
Bentley	Cobey	Edgar
Bereuter	Coble	Edwards (CA)
Berman	Coleman (TX)	Edwards (OK)
Bevill	Collins	Emerson
Biaggi	Combest	English
Bilirakis	Conte	Erdreich
Bliley	Cooper	Evans (IA)
Boehlert	Coughlin	Evans (IL)
Boggs	Courter	Fascell
Boland	Coyne	Fawell
Boner (TN)	Craig	Fazio
Bonior (MI)	Crane	Feighan
Bonker	Crockett	Fiedler
Borski	Daniel	Fields
Bosco	Dannemeyer	Fish
Boucher	Darden	Flippo
Boulter	Daschle	Florio
Boxer	Daub	Foglietta
Breaux	Davis	Foley
Brooks	de la Garza	Ford (MI)
Broomfield	Dellums	Ford (TN)
Brown (CA)	Derrick	Fowler
Frank	Luken	Sabo
Franklin	Lundine	Savage
Frenzel	Lungren	Saxton
Frost	Mack	Schaefer
Fuqua	MacKay	Scheuer
Gallo	Madigan	Schneider
Garcia	Manton	Schroeder
Gaydos	Markey	Schuette
Gejdenson	Marlenee	Schulze
Gekas	Martin (IL)	Schumer
Gephardt	Martin (NY)	Sensenbrenner
Gibbons	Martinez	Sharp
Gilman	Mavroules	Shaw
Gingrich	Mazzoli	Shelby
Glickman	McCain	Shumway
Gonzalez	McCandless	Shuster
Goodling	McCloskey	Sikorski
Gordon	McCollum	Siljander
Gradison	McCurdy	Sisisky
Gray (IL)	McDade	Skeen
Gray (PA)	McEwen	Skelton
Green	McGrath	Slattery
Gregg	McHugh	Slaughter
Grotberg	McKernan	Smith (FL)
Guarini	McMillan	Smith (IA)
Gunderson	Meyers	Smith (NE)
Hall (OH)	Mica	Smith (NJ)
Hall, Ralph	Michel	Smith, Robert (NH)
Hamilton	Mikulski	
Hammerschmidt	Miller (CA)	Smith, Robert (OR)
Hansen	Miller (OH)	
Hartnett	Miller (WA)	Snowe
Hatcher	Mineta	Snyder
Hawkins	Mitchell	Solarz
Hayes	Moakley	Spence
Hefner	Molinari	Spratt
Heftel	Mollohan	St Germain
Hendon	Monson	Staggers
Henry	Montgomery	Stallings
Hertel	Moody	Stangeland
Hiler	Moore	Stenholm
Hillis	Moorhead	Stokes
Holt	Morrison (CT)	Strang
Hopkins	Morrison (WA)	Stratton
Horton	Mrazek	Studds
Howard	Murphy	Stump
Hoyer	Murtha	Sundquist
Hubbard	Myers	Sweeney
Huckaby	Natcher	Swift
Hunter	Neal	Swindall
Hutto	Nichols	Synar
Hyde	Nielson	Tallon
Ireland	Nowak	Tauke
Jacobs	O'Brien	Tauzin
Jeffords	Oakar	Taylor
Jenkins	Oberstar	Thomas (CA)
Johnson	Obey	Torres
Jones (NC)	Olin	Torricelli
Jones (OK)	Ortiz	Towns
Jones (TN)	Owens	Traficant
Kanjorski	Oxley	Traxler
Kaptur	Packard	Udall
Kasich	Panetta	Valentine
Kastenmeier	Pashayan	Vander Jagt
Kennelly	Pease	Vento
Kildee	Penny	Visclosky
Kindness	Pepper	Volkmer
Kleczka	Perkins	Vucanovich
Kolbe	Petri	Walgren
Kolter	Pickle	Walker
Kostmayer	Porter	Watkins
Kramer	Price	Waxman
LaFalce	Pursell	Weber
Lagomarsino	Quillen	Weiss
Lantos	Rahall	Wheat
Latta	Rangel	Whitehurst
Leach (IA)	Ray	Whitley
Leath (TX)	Regula	Whittaker
Lehman (CA)	Reid	Whitten
Lehman (FL)	Richardson	Wilson
Leland	Ridge	Wirth
Lent	Ritter	Wise
Levin (MI)	Roberts	Wolf
Levine (CA)	Robinson	Wolpe
Lewis (CA)	Rodino	Wortley
Lewis (FL)	Roe	Wright
Lightfoot	Rogers	Wyden
Lipinski	Rose	Wylie
Livingston	Rostenkowski	Yates
Lloyd	Roth	Yatron
Loeffler	Roukema	Young (AK)
Long	Rowland (CT)	Young (FL)
Lott	Rowland (GA)	Young (MO)
Lowery (CA)	Roybal	Zschau
Lowry (WA)	Rudd	
Lujan	Russo	

□ 1115

The SPEAKER pro tempore. On this rollcall, 410 Members have recorded their presence by electronic device, a quorum.

Under the rule, further proceedings under the call were dispensed with.

OMNIBUS BUDGET RECONCILIATION ACT OF 1985

The SPEAKER pro tempore. Pursuant to House Resolution 296 and rule XXIII, the Chair declares the House in the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 3500.

□ 1118

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 3500) to provide for reconciliation pursuant to section 2 of the first concurrent resolution on the budget for the fiscal year 1986, with Mr. DE LA GARZA in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Wednesday, October 23, 1985, all time for general debate had expired.

Pursuant to the rule, the bill is considered as having been read for amendment under the 5-minute rule, an amendment to strike lines 8 through 10 on page 15 and insert in lieu thereof the following: "Which become available during fiscal year 1986, the Secretary shall, to the extent approved in appropriations acts, reserve authority to enter into obligations aggregating," shall be considered as having been adopted.

The text of the bill, as amended by an amendment considered as having been adopted pursuant to House Resolution 296, is as follows:

H.R. 3500

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Omnibus Budget Reconciliation Act of 1985".

SEC. 2. TABLE OF CONTENTS.

TITLE I—COMMITTEE ON ARMED SERVICES

SEC. 1101. COLLECTION BY THE UNITED STATES OF MEDICAL AND DENTAL COSTS INCURRED ON BEHALF OF CERTAIN PERSONS.

(a) IN GENERAL.—(1) Chapter 55 of title 10, United States Code, is amended by adding at the end thereof the following new section:

"§1095. Collection from third-party payers of reasonable medical and dental care costs incurred on behalf of retirees and dependents

"(a)(1) In the case of a person who is covered by section 1074(b), 1076(a), or 1076(b) of this title, the United States shall have the right to collect from a third-party payer the reasonable costs of medical and dental care incurred by the United States on behalf of such person through a facility of the uniformed services to the extent that the person would be eligible to receive reimbursement or indemnification from the third-party payer if the person were to incur such costs on the person's own behalf. If the insurance, medical service, or health plan of that payer includes a requirement for a deductible or copayment by the beneficiary of the plan, then the amount that the United States may collect from the third-party payer is the reasonable cost of the care provided less the appropriate deductible or copayment amount.

"(2) A person covered by section 1074(b), 1076(a), or 1076(b) of this title may not be required to pay an additional amount to the United States for medical and dental care by reason of this section.

"(b) No provision of any insurance, medical service, or health plan contract or agreement having the effect of excluding from coverage or limiting payment of charges for certain care if that care is provided through a facility of the uniformed services shall operate to prevent collection by the United States under subsection (a).

"(c) Under regulations prescribed under subsection (g), records of the facility of the uniformed services that provided medical or dental care to a beneficiary of an insurance, medical service, or health plan of a third-party payer shall be made available for inspection and review by representatives of the payer from which collection by the United States is sought.

"(d) Notwithstanding subsections (a) and (b), collection may not be made under this section in the case of a plan administered under title XVIII or XIX of the Social Security Act (42 U.S.C. 1395 et seq.).

"(e)(1) The United States may institute and prosecute legal proceedings against a third-party payer to enforce a right of the United States under this section.

"(2) The administering Secretary may compromise, settle, or waive a claim of the United States under this section.

"(f) Sums collected pursuant to this section shall be credited to the appropriation from which the costs of the care were paid.

"(g) The Secretary of Defense, in consultation with the other administering Secretaries, shall prescribe regulations for the administration of this section. Such regulations shall provide for computation of the reasonable cost of medical and dental care. Computation of such reasonable cost may be based on—

"(1) per diem rates; or

"(2) such other method as may be appropriate.

"(h) In this section, 'third-party payer' means an entity that provides an insurance, medical service, or health plan by contract or agreement.".

(2) The table of sections at the beginning of such chapter is amended by adding at the end thereof the following new item:

"1095. Collection from third-party payers of reasonable medical and dental care costs incurred on behalf of retirees and dependents.".

(b) EFFECTIVE DATE.—Section 1095 of title 10, United States Code, as added by subsection (a), shall apply with respect to health care provided on or after the date of the enactment of this Act, but only with respect to an insurance, medical service, or health plan agreement entered into, amended, or renewed on or after that date.

TITLE II—COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

SECTION 2001. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the "Housing Act of 1985".

(b) TABLE OF CONTENTS.—

SEC. 2002. FINDINGS AND PURPOSE.

(a) FINDINGS.—The Congress hereby finds that—

(1) for the past 50 years, the Federal Government has taken the leading role in enabling the people of the Nation to be the best housed in the world;

(2) the efforts of the Federal Government have included a system of specialized lending institutions, favorable tax policies, construction assistance, mortgage insurance, loan guarantees, secondary markets, and interest and rental subsidies, that have enabled people to rent or buy affordable, decent, safe, and sanitary housing;

(3) at no time since the Great Depression has the shortage of housing been more severe, and, unless actions are taken to increase the production of moderately priced homes and affordable rental units, the housing crisis of persons of low and moderate income will deepen;

(4) the tragedy of homelessness in urban and suburban communities across the Nation, involving a record number of people, dramatically demonstrates the lack of affordable residential shelter;

(5) people living on the economic margins of our society (the elderly, the working poor, and the deinstitutionalized) have few available alternatives for shelter;

(6) due to high interest rates and construction costs, the cherished dream of becoming a homeowner is fading for many Americans;

(7) a combination of direct subsidies and beneficial tax expenditures for homeowners and renters has resulted in the Federal Government providing an average to each household of more than 4 times the amount of Federal assistance to households with annual incomes above $50,000 than to households with annual incomes below $20,000; and

(8) continued large Federal Government deficits are anti-housing and such large Federal Government deficits tend to keep interest rates high, thereby denying many otherwise eligible homebuyers the opportunity to own a home.

(b) PURPOSE.—The purpose of this title, therefore, is—

(1) to reaffirm the principle that decent and affordable shelter is a basic necessity, and the general welfare of the Nation and the health and living standards of its people require the addition of new housing units to remedy a serious shortage of housing units for all Americans, particularly for persons of low and moderate income;

(2) to make the distribution of direct and indirect housing assistance more equitable by providing Federal assistance for the less affluent people of the Nation;

(3) to provide needed housing assistance for homeless people and for persons of low and moderate income who lack affordable, decent, safe, and sanitary housing;

(4) to reform existing programs to ensure that such assistance is delivered in the most efficient manner possible; and

(5) to provide opportunities through lower Federal expenditures and lower Federal budget deficits, and the resulting lower interest rates, for more Americans to realize the dream of owning their own home.

SEC. 2003. CONGRESSIONAL POLICY REGARDING AGGREGATE BUDGET AUTHORITY.

(a) FINDINGS.—The Congress hereby finds that—

(1) the congressional budget process for fiscal year 1986 has not been completed;

(2) in its consideration of this title, the Committee on Banking, Finance and Urban Affairs of the House of Representatives has been required to operate under new principles of budget accounting, including the inclusion of off-budget accounts;

(3) this title establishes a new direct capital grant program to finance public housing that generates substantial savings in budget authority but has no net effect on the Federal budget, since the new method of financing merely cancels numerous intragovernmental transfers that occur under the current financing system; and

(4) the Congress has established a policy of freezing authorizations of appropriations for fiscal year 1986 at the actual level of appropriations for fiscal year 1985.

(b) POLICY.—It is, therefore, the policy of the Congress that the aggregate amount of funds authorized in this title for any fiscal year not exceed the total amount of funds approved in appropriation Acts for similar programs for fiscal year 1985.

SEC. 2004. REGULATORY AUTHORITY.

(a) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—Section 7(o) of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new paragraphs:

"(7) The Secretary shall, on a quarterly basis, transmit to both Committees a summary (or, upon the request of the Chairman of either Committee, a copy) of each notice or handbook to be issued by the Secretary not less than 15 days before the date of such issuance.

"(8) The Secretary shall include with each rule or regulation, notice, or handbook required to be transmitted to the Committees under this subsection a detailed summary of all changes required by the Office of Management and Budget that prohibit, modify, postpone, or disapprove such rule or regulation, notice, or handbook in whole or part.".

(b) FARMERS HOME ADMINISTRATION.—Section 534 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsections:

"(d) The Secretary shall, on a quarterly basis, transmit to both Committees referred to in subsection (b) a summary (or, upon the request of the Chairman of either Committee, a copy) of each notice or handbook to be issued by the Secretary under this title not less than 15 days before the date of such issuance.

"(e) The Secretary shall include with each rule or regulation, notice, or handbook required to be transmitted to the Committees under this section a detailed summary of all changes required by the Office of Management and Budget that prohibit, modify, postpone, or disapprove such rule or regulation, notice, or handbook in whole or part.".

SEC. 2005. COLLECTION OF CERTAIN DATA.

The Secretary of Housing and Urban Development and the Secretary of Agriculture shall each collect data on the racial and ethnic characteristics of persons eligible for, assisted, or otherwise benefiting under the community development, housing assistance, and mortgage and loan insurance programs administered by such Secretary.

Subtitle A—Housing Assistance

PART 1—PROGRAMS UNDER UNITED STATES HOUSING ACT OF 1937

SEC. 2101. LOWER INCOME HOUSING AUTHORIZATION.

(a) AGGREGATE BUDGET AUTHORITY.—Section 5(c)(6) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentence: "The aggregate amount of budget authority that may be obligated for contracts for annual contributions for assistance under section 8, for contracts referred to in paragraph (7)(A)(iv), and for grants for public housing and comprehensive improvement assistance, is increased by $9,179,498,000 on October 1, 1985.".

(b) UTILIZATION OF BUDGET AUTHORITY.—Section 5(c)(7) of the United States Housing Act of 1937 is amended to read as follows:

"(7)(A) Using the additional budget authority provided under paragraph (6) and the balances of budget authority which become available during fiscal year 1986, the Secretary shall, to the extent approved in appropriations Acts, reserve authority to enter into obligations aggregating—

"(i) for public housing grants under subsection (a)(2), $418,000,000, of which amount $108,000,000 shall be available for Indian housing;

"(ii) for assistance under section 8(b)(1), not less than $4,830,592,000, of which amount $43,776,000 shall be available only for use in connection with the Park Central New Community Project;

"(iii) for assistance under section 8(e)(2), not less than $542,748,000;

"(iv) for assistance under section 8 in connection with projects developed under section 202 of the Housing Act of 1959, not less than $1,775,280,000, of which amount not more than $290,400,000 may be made available for entering into contracts under section 202(h)(4) of such Act; and

"(v) for comprehensive improvement assistance grants under section 14(k), $1,132,000,000, of which amount $200,000,000 shall be available only for use with respect to vacant uninhabitable dwelling units in public housing projects and $50,000,000 shall be available only for purposes of assisting public housing agencies to reduce the hazards of lead-based paint in public housing in accordance with the lead-based paint poisoning prevention procedures established by the Secretary under section 302 of the Lead-Based Paint Poisoning Prevention Act.

"(B)(i) Any amount available for Indian housing under subsection (a) that is recaptured may be used only for such housing.

"(ii) Any amount available for the conversion of a project to assistance under section 8(b)(1), if not required for such purpose, shall be used for assistance under section 8(b)(1).".

SEC. 2102. TENANT RENTAL CONTRIBUTIONS.

(a) PUBLIC HOUSING ECONOMIC RENT.—Section 3(a) of the United States Housing Act of 1937 is amended—

(1) by inserting "(1)" after "(a)";

(2) in the last sentence, by striking out "A" and inserting in lieu thereof the following: "Except as provided in paragraph (2), a";

(3) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively; and

(4) by adding at the end thereof the following new paragraph:

"(2) Any public housing agency may provide that each family residing in a public housing project owned and operated by such agency shall pay as monthly rent an amount determined by such agency to be appropriate that does not exceed a maximum amount that—

"(A) is established by such agency and approved by the Secretary;

"(B) is not more than the amount payable as rent by such family under paragraph (1); and

"(C) is not more than (i) the average monthly amount of debt service and operating expenses attributable to dwelling units

of similar size in public housing projects owned and operated by such agency; or (ii) the fair market rentals established in the housing area for projects under section 8(b)(1).".

(b) ADJUSTED INCOME.—Section 3(b)(5) of the United States Housing Act of 1937 is amended—

(1) by striking out "and" at the end of subparagraph (C);

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new subparagraph:

"(E) 10 percent of the earned income of the family, in the case of a family in which any member pays taxes imposed under chapter 2 or 21 of the Internal Revenue Code of 1954.".

(c) UTILITY ALLOWANCE.—Section 3(c) of the United States Housing Act of 1937 is amended by adding at the end thereof the followng new paragraph:

"(4) The term 'rent' means—

"(A) the amount payable by a family to a public housing agency for shelter; and

"(B) in any case in which a family is required to make a separate payment to a public housing agency or a utility supplier based on actual utility consumption, an allowance established annually based on actual utility consumption (excluding telephone service) for each size and type of dwelling unit.".

(d) PUBLIC HOUSING RENT PHASE-IN.—Section 3 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(d) In any case in which the obtaining of employment by a resident of a public housing project will result in an increase in the rent payable by the family of such resident under subsection (a), the public housing agency involved may provide for a gradual increase in such rent to the full amount during a period of not more than 6 months.".

SEC. 2103. GRANTS FOR PUBLIC HOUSING DEVELOPMENT.

(a) AUTHORITY TO PROVIDE GRANTS.—Section 5(a) of the United States Housing Act of 1937 is amended to read as follows:

"(a)(1) The Secretary may make annual contributions to public housing agencies to assist in achieving and maintaining the lower income character of their projects. The Secretary shall embody the provisions for such annual contributions in a contract guaranteeing their payment. The contribution payable annually under this section shall in no case exceed a sum equal to the annual amount of principal and interest payable on obligations issued by the public housing agency to finance the development or acquisition cost of the lower income project involved. Annual contributions payable under this section shall be pledged, if the Secretary so requires, as security for obligations issued by a public housing agency to assist the development or acquisition of the project to which annual contributions relate and shall be paid over a period not to exceed 40 years.

"(2) The Secretary may make contributions (in the form of grants) to public housing agencies to cover the development cost of public housing projects. The contract under which such contributions shall be made shall specify the amount of capital contributions required for each project to which the contract pertains, and that the terms and conditions of such contract shall remain in effect for a 40-year period.

"(3) The amount of contributions that would be established for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established under this section for a project by such public housing agency that would provide housing for the comparable number, sizes, and kinds of families through the acquisition and rehabilitation, or use under lease, of structures that are suitable for lower income housing use and obtained in the local market.".

(b) CANCELLATION OF OUTSTANDING LOANS AND OBLIGATIONS.—Section 4 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(c)(1) At such times as the Secretary may determine, and in accordance with such accounting and other procedures as the Secretary may prescribe, each loan made by the Secretary under subsection (a) that has any principal amount outstanding or any interest amount outstanding or accrued shall be forgiven; and the terms and conditions of any contract, or any amendment to a contract, for such loan with respect to any promise to repay such principal and interest shall be canceled. Such cancellation shall not affect any other terms and conditions of such contract, which shall remain in effect as if the cancellation had not occurred. This paragraph shall not apply to any loan the repayment of which was not to be made using annual contributions, or to any loan all or part of the proceeds of which are due a public housing agency from contractors or others.

"(2)(A) On the date of the enactment of the Housing Act of 1985, or on September 30, 1985, whichever occurs later, each note or other obligation issued by the Secretary to the Secretary of the Treasury pursuant to subsection (b), together with any promise to repay the principal and unpaid interest that has accrued on each obligation, shall be forgiven; and any other term or condition specified by each such obligation shall be canceled.

"(B) On September 30, 1986, and on any subsequent September 30, each such note or other obligation issued by the Secretary pursuant to subsection (b) during the fiscal year ending on such date, together with any such promise to repay, shall be forgiven; and any other term or condition specified by each such obligation shall be canceled.".

(c) CONFORMING AMENDMENTS.—

(1) Section 5 of the United States Housing Act of 1937 is amended—

(A) by striking out "ANNUAL" in the section heading; and

(B) by striking out "annual" in subsection (e)(2).

(2) Section 6 of the United States Housing Act of 1937 is amended by striking out "annual" the first place it appears in the first sentence of subsection (g), and each place it appears in subsection (d) and the first sentence of each of subsections (a), (b), and (c).

(3) Section 7 of the United States Housing Act of 1937 is amended by striking out "annual" in the proviso in the first sentence.

(4) Section 9(a)(2) of the United States Housing Act of 1937 is amended—

(A) by striking out "being assisted by an annual contributions contract authorized by section 5(c)" and inserting in lieu thereof the following: "one developed pursuant to a contributions contract authorized by section 5"; and

(B) by striking out "any such annual" and inserting in lieu thereof "any such".

(5) Section 12 of the United States Housing Act of 1937 is amended by striking out "annual".

(6) Section 14 of the United States Housing Act of 1937 is amended—

(A) by striking out "receive assistance under section 5(c)" in subsection (c)(2) and inserting in lieu thereof "assisted under section 5"; and

(B) by striking out "annual" in each of paragraphs (2) and (4)(C) of subsection (d).

(7) Section 15 of the United States Housing Act of 1937 is amended by striking out "with loans or debt service annual contributions" in clause (2).

(8) Section 16(b) of the United States Housing Act of 1937 is amended by striking out "annual".

(9) Section 18(c) of the United States Housing Act of 1937 is amended by striking out "annual contributions authorized under section 5(c)" and inserting in lieu thereof "contributions authorized under section 5".

SEC. 2104. PUBLIC HOUSING CHILD CARE GRANTS.

(a) PROGRAM AUTHORITY.—

(1) The Secretary of Housing and Urban Development shall, to the extent approved in appropriation Acts, carry out a demonstration program of making grants to public housing agencies to assist such agencies in providing child care services for lower income families who reside in public housing.

(2) The Secretary shall design the program described in paragraph (1) to determine the extent to which the availability of child care services in lower income housing projects facilitates the employability of the parents or guardians of children residing in public housing.

(3) The program described in paragraph (1) shall be in addition to any demonstration program carried out under section 222 of the Housing and Urban-Rural Recovery Act of 1983.

(b) ELIGIBILITY FOR ASSISTANCE.—The Secretary may make a grant to any public housing agency under this section only if—

(1) prior to receipt of assistance under this section, such public housing agency does not have a child care services program in operation in the project for which such assistance is requested;

(2) such public housing agency agrees to provide suitable facilities for the provision of child care services;

(3) the child care services program of such public housing agency will serve preschool children during the day, elementary school children after school, or both, in order to permit the parents or guardians of such children to obtain, retain, or train for employment;

(4) the child care services program of such public housing agency is designed, to the extent practicable, to involve the participation of the parents of children benefiting from such program;

(5) the child care services program of such public housing agency is designed, to the extent practicable, to employ in part-time positions elderly individuals who reside in the lower income housing project involved; and

(6) the child care services program of such public housing agency complies with all applicable State and local laws, regulations, and ordinances.

(c) ALLOCATION OF ASSISTANCE.—In providing grants under this section, the Secretary shall—

(1) give priority to lower income housing projects in which reside the largest number of preschool and elementary school children of lower income families;

(2) seek to ensure a reasonable distribution of such grants between urban and rural areas and among lower income housing projects of varying sizes; and

(3) seek to provide such grants to the largest number of lower income housing projects practicable, considering the amount of funds available under this section and the financial requirements of the particular child care services programs to be developed by the applicant public housing agencies.

(d) ADMINISTRATIVE PROVISIONS.—

(1) Applications for grants under this section shall be made by public housing agencies in such form, and according to such procedures, as the Secretary may prescribe.

(2) Any public housing agency receiving a grant under this section may use such grant only for operating expenses and minor renovations of facilities necessary to the provision of child care services under this section.

(3) The Secretary shall conduct periodic evaluations of each child care services program assisted under this section for purposes of—

(A) determining the effectiveness of such program in providing child care services and permitting the parents or guardians of children residing in public housing to obtain, retain, or train for employment; and

(B) ensuring compliance with the provisions of this section.

(4) Nothing in this section may be construed as authorizing the Secretary to establish any health, safety, educational, or other standards with respect to child care services or facilities assisted with grants received under this section.

(e) REPORT TO CONGRESS.—Not later than the expiration of the 3-year period following the date of the enactment of this Act, the Secretary shall prepare and submit to the Congress a detailed report setting forth the findings and conclusions of the Secretary as a result of carrying out the demonstration program established in this section. Such report shall include any recommendations of the Secretary with respect to the establishment of a permanent program of assisting child care services in lower income housing projects.

(f) DEFINITIONS.—For purposes of this section:

(1) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(2) The terms "lower income housing project" and "public housing" have the meanings given such terms in section 3(b)(1) of the United States Housing Act of 1937.

(3) The term "public housing agency" has the meaning given such term in section 3(b)(6) of the United States Housing Act of 1937.

(4) The term "Secretary" means the Secretary of Housing and Urban Development.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out the provisions of this section $15,000,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.

SEC. 2105. ADDITIONAL PUBLIC HOUSING PROVISIONS.

(a) LIMITATION ON RECAPTURE OF FUNDING RESERVATIONS.—Section 5 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(j) After the reservation of public housing development funds to a public housing agency, the Secretary may not recapture any of the amounts included in such reservation due to the failure of a public housing agency to begin construction or rehabilitation, or to complete acquisition, during the 30-month period following the date of such reservation. During such 30-month period, the public housing agency shall be permitted to change the site of the public housing project or reformulate the project, if not less than the original number of dwelling units are to be constructed, rehabilitated, or acquired. There shall be excluded from the computation of such 30-month period any delay in the beginning of construction or rehabilitation of such project caused by (1) the failure of the Secretary to process such project within a reasonable period of time; (2) any environmental review requirement; (3) any legal action affecting such project; or (4) any other factor beyond the control of the public housing agency.".

(b) NEW CONSTRUCTION.—Section 6(h) of the United States Housing Act of 1937 is amended—

(1) by inserting before "is" the following: "in the neighborhood where the public housing agency determines the housing is needed"; and

(2) by inserting "in such neighborhood" after "rehabilitation".

(c) PUBLIC HOUSING AGENCY RECEIVERSHIP.—Section 6 of the United States Housing Act of 1937 is amended—

(1) by redesignating subsection (g) as subsection (f); and

(2) by inserting after such subsection (f) the following new subsection:

"(g)(1) Notwithstanding any other provision of this Act or of any contract for contributions, upon the occurrence of events or conditions that constitute a substantial default in respect to the covenants or conditions to which the public housing agency is subject, the Secretary or a tenant of the public housing agency may petition for the appointment of a receiver (which may be a private management corporation) of the public housing agency to any district court of the United States or to any court of the State in which the real property of the public housing agency is situated that is authorized under the laws of such jurisdiction to appoint a receiver for the purposes and having the powers prescribed in this subsection. The court shall order appropriate notice of such petition to the tenants of such public housing agency and shall permit the intervention of 1 or more classes of tenants in the proceedings.

"(2) Upon a determination that such a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of the public housing agency in a manner consistent with this Act and in accordance with such further terms and conditions as the court shall provide. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

"(3) The appointment of a receiver pursuant to this subsection may be terminated upon the petition of any party or when the court determines that all defaults have been cured and that the projects of the public housing agency will thereafter be operated by the public housing agency in accordance with the covenants and conditions to which the public housing agency is subject.".

(d) DEMOLITION AND DISPOSITION.—

(1) Section 18(a)(1) of the United States Housing Act of 1937 is amended by striking out "or" after "purposes," and inserting in lieu thereof "and".

(2) Section 18(b) of the United States Housing Act of 1937 is amended—

(A) by striking out "and" at the end of paragraph (1);

(B) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(C) by adding at the end thereof the following new paragraph:

"(3) the public housing agency has developed a plan for the addition of public housing dwelling units in an aggregate number equal to the number of such units proposed to be demolished or disposed under such application, and the Secretary has agreed to provide funding for such plan if necessary, except that (A) such 1-for-1 replacement requirement shall not apply if there is no local need for low-income housing; and (B) if necessary funding for public housing dwelling units is not available, project-based dwelling units assisted under section 8 may be substituted.".

(e) TRANSFERS OF PROPERTY UNDER INDIAN MUTUAL HELP HOMEOWNERSHIP OPPORTUNITY PROGRAM.—Each homebuyer under the Indian Mutual Help Homeownership Opportunity Program established by the Secretary in subpart D of part 905 of title 24, Code of Federal Regulations, shall be entitled to transfer the dwelling unit involved to any person who complies with the eligibility requirements of such program and will reside in such dwelling unit.

(f) PUBLIC HOUSING MANAGEMENT AND FUNDING REPORT.—Not later than the expiration of the 2-year period following the date on which the public housing profession institutes voluntary professional performance standards for certifying public housing agencies as efficient and well managed, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report evaluating the feasibility of establishing a system under which public housing agencies are permitted to certify compliance with such standards and with other requirements established by the Secretary for purposes of substantially simplifying the procedure for receiving assistance under section 9 or 14 of the United States Housing Act of 1937.

SEC. 2106. SECTION 8 ASSISTANCE.

(a) CONTRACTS FOR EXISTING DWELLING UNITS.—The first sentence of section 8(b)(1) of the United States Housing Act of 1937 is amended by inserting ", which shall be for 15 years," after "annual contributions contracts".

(b) USE OF ASSISTANCE IN CONNECTION WITH RENTAL REHABILITATION.—Section 8(b) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(2) Assistance payments may also be made under this subsection for a family residing in a project being rehabilitated under section 17 that is determined to be a lower income family at the time it initially receives assistance and whose rent after rehabilitation would exceed 30 percent of the monthly adjusted income of the family.".

(c) PUBLIC HOUSING AGENCY FEES.—

(1) Section 8(b) of the United States Housing Act of 1937, as amended by subsection (b), is amended by adding at the end thereof the following new paragraph:

"(3) The method of calculation, the preliminary fee, and the percentage established

for administrative fees paid to a public housing agency administering a contract under this subsection shall be the method of calculation, the preliminary fee, and the percentage established by the Secretary before January 1, 1985, and in effect on such date.".

(2) The amendment made by this subsection shall be applicable to administrative fees payable with respect to the administrative activities of a public housing agency after December 31, 1984.

(d) FAIR MARKET RENTALS.—Section 8(c)(1) of the United States Housing Act of 1937 is amended by inserting before the last sentence the following new sentence: "Each fair market rental in effect under this subsection shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so the rentals will be current for the year to which they apply, of rents for existing or newly constructed rental dwelling units, as the case may be, of various sizes and types in the market area suitable for occupancy by persons assisted under this section.".

(e) SHARED HOUSING.—Section 8(p) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentence: "Such standards may not require any person residing in a 1-bedroom dwelling to accept another person to share such dwelling, to move to a smaller dwelling, or to pay additional rent due to a refusal to accept another person to share such dwelling or to move to a smaller dwelling.".

(f) PORTABILITY OF CERTIFICATES AND VOUCHERS.—Section 8 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(q) Any family assisted under subsection (b) or (o) may continue to receive such assistance when such family moves to another eligible dwelling unit—

"(1) if such dwelling unit is within the same metropolitan statistical area as the dwelling unit from which the family moves; and

"(2) notwithstanding that such dwelling unit is not within the area of jurisdiction of the public housing agency having jurisdiction in the area of the dwelling unit from which the family moves.".

SEC. 2107. VOUCHER DEMONSTRATION PROGRAM.

(a) OPERATION OF PROGRAM.—Section 8(o) of the United States Housing Act of 1937 is amended—

(1) in the first sentence of paragraph (1), by striking out "In" and all that follows through ", the" and inserting in lieu thereof "The";

(2) by striking out paragraph (4);

(3) by redesignating paragraphs (5) through (8) as paragraphs (4) through (7), respectively; and

(4) in paragraph (5), as so redesignated by this subsection, by striking out "an initial" and inserting in lieu thereof "a".

(b) USE OF VOUCHERS IN CONNECTION WITH RENTAL REHABILITATION.—The first sentence of section 8(o)(3) of the United States Housing Act of 1937 is amended—

(1) by striking out "or" before "(C)"; and

(2) by inserting before the period at the end thereof the following: ", or (D) a family residing in a project being rehabilitated under section 17 that is determined to be a lower income family at the time it initially receives assistance and whose rent after rehabilitation would exceed 30 percent of the monthly adjusted income of the family".

(c) ADMINISTRATIVE EXPENSES.—Section 8(o) of the United States Housing Act of 1937, as amended by subsection (a), is amended by adding at the end thereof the following new paragraph:

"(8) The assistance under this subsection that is retained by public housing agencies for administrative expenses shall be equal to the assistance under section 8(b) that is retained by such agencies for such expenses.".

(d) STUDY.—Section 8(o) of the United States Housing Act of 1937, as amended by subsections (a) and (c), is amended by adding at the end thereof the following new paragraph:

"(9) For purposes of facilitating congressional consideration of the appropriateness of additional funding for assistance under this subsection, the Secretary shall prepare and submit to the Congress a report comparing the impact of assistance under this subsection with assistance under subsection (b)(1). Such report shall include comparisons with respect to—

"(A) the percentage of income paid by assisted families after receiving assistance for a 3-year period;

"(B) the financial characteristics of assisted families;

"(C) the extent to which rents paid by assisted families exceed 30 percent of adjusted income;

"(D) the security deposits required to be paid by assisted families and the impact of such deposits on the cost of housing for such families;

"(E) the accounting systems used by public housing agencies and the impact of such systems on the administrative costs incurred by such agencies;

"(F) the amount of time needed by assisted families to obtain dwelling units;

"(G) the extent to which families requiring dwelling units with 3 or more bedrooms are able to obtain such dwelling units;

"(H) the characteristics of assisted families, including information with respect to family size, age, race, and sex;

"(I) the extent to which assisted families move to other dwelling units; and

"(J) the extent of improvement in the physical condition of dwelling units occupied by eligible families as a result of assistance.".

SEC. 2108. PAYMENTS FOR OPERATION OF LOWER INCOME HOUSING PROJECTS.

(a) PERFORMANCE FUNDING SYSTEM.—Section 9(a) of the United States Housing Act of 1937 is amended—

(1) by striking out the last sentence of paragraph (1); and

(2) by adding at the end thereof the following new paragraph:

"(3)(A) For purposes of making payments under this section, the Secretary shall utilize a performance funding system that is substantially based on the system defined in regulations and in effect on November 30, 1983 (as modified by this paragraph), and that establishes standards for costs of operation and reasonable projections of income, taking into account the character and location of the project and the characteristics of the families served, in accordance with a formula representing the operations of a prototype well-managed project. Such performance funding system shall be established in consultation with public housing agencies and their associations, be contained in a regulation promulgated by the Secretary prior to the start of any fiscal year to which it applies, and remain in effect for the duration of such fiscal year without change.

"(B) Under the performance funding system established under this paragraph—

"(i) changes to the allowable expense level shall be made annually to reflect actual inflation rates for the most recent year for which data is available;

"(ii) in the first year that the reductions occur, any public housing agency shall share equally with the Secretary any cost reductions due to the differences between projected and actual energy rates attributable to actions taken by the agency which lead to such reductions;

"(iii) funds received by any public housing agency from sources other than tenant rents or other tenant payments, investment income, or income earned from commercial leases or receipts, including any amounts recovered through litigation, shall not be counted as income in computing the allowable subsidy nor shall prior receipt of any such funds affect the allowable expense level;

"(iv) payments to public housing agencies may only be ratably reduced if sufficient funds are not available, and, if excess funds are available, they shall be retained by the Secretary for use in the next fiscal year;

"(v) there shall be a formal review process for the purpose of providing such increases to the allowable expense level of a public housing agency as necessary—

"(I) to correct inequities and abnormalities that exist in the base year expense level of such public housing agency;

"(II) to reflect changes in operating circumstances since the initial determination of such base year expense level; and

"(III) to ensure that the allowable expense limit accurately reflects the higher cost of operating the project in an economically distressed unit of local government;

"(vi) public housing agencies shall be reimbursed for costs incurred that were beyond their control and the full extent of which were not taken into consideration in the original distribution of funds for the fiscal year involved;

"(vii) subsidy eligibility shall be calculated on the basis of 97 percent occupancy rate, except that a lower occupancy rate shall be permitted if—

"(I) it is due to vacant units in projects funded for modernization activity that is on schedule; or

"(II) it is acceptable to the Secretary as part of the plan of the public housing agency to achieve not less than a 97 percent occupancy rate over a reasonable period of years;

"(viii) public housing agencies shall maintain reasonable operating reserves similar to those established by well-managed, privately owned rental property;

"(ix) the estimate of the rental income for the next fiscal year of a public housing agency shall be based on the actual rent for the fourth, fifth, or sixth month prior to the beginning of the new fiscal year of the public housing agency;

"(x) any revenues resulting from rental income or other income (excluding investment income) in excess of estimated revenues from such items may not be recaptured, used, or computed to reduce assistance provided under this section, unless such estimate—

"(I) was unreasonable according to regulations in effect when the estimate was made; or

"(II) was fraudulent and deceptive; and

"(xi) estimated investment income may be recomputed and appropriate adjustments may be made at the end of the fiscal year to reflect actual average cash availability and average interest rates during such year.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 9(c) of the United States Housing Act of 1937 is amended—

(1) by striking out "not" the first place it appears and all that follows through ", and by"; and

(2) by inserting before the period at the end thereof the following: ", and $1,279,000,000 for fiscal year 1986 (of which amount not more than $100,000,000 shall be made available for purposes of clauses (v) and (vi) of subsection (a)(3)(B))".

(c) TIME OF PAYMENT.—Section 9 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(e) Assistance to be provided to any public housing agency under this section for any fiscal year of such agency shall commence not later than the 1st month of such fiscal year, and shall be paid in equal monthly or quarterly installments or in accordance with such other payment schedule as may be agreed upon by the Secretary and such agency.".

SEC. 2109. GRANTS FOR COMPREHENSIVE IMPROVEMENT ASSISTANCE.

(a) AUTHORITY TO PROVIDE GRANTS.—Section 14 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(k) The Secretary may make contributions (in the form of grants) to public housing agencies under this section. The contract under which such contributions shall be made shall specify the amount of contributions required for each project to which the contract pertains, and that the terms and conditions of such contract shall remain in effect for a 20-year period.".

(b) CONFORMING AMENDMENTS.—

(1) Section 14(e) of the United States Housing Act of 1937 is amended by striking out "annual".

(2) Section 14 of the United States Housing Act of 1937 is amended by inserting "or (k)" after "subsection (b)" each place it appears in subsections (c), (d), (e), (g), (h), and (i).

SEC. 2110. ADDITIONAL COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM PROVISIONS.

(a) PURPOSES.—Section 14(a) of the United States Housing Act of 1937 is amended—

(1) by redesignating paragraphs (1) and (2) as paragraphs (2) and (3), respectively; and

(2) by inserting before paragraph (2), as so redesignated, the following new paragraph:

"(1) to maintain the marketability of existing public housing projects and contribute to their long-term viability;".

(b) ADVANCE ARCHITECTURAL ENGINEERING AND PLANNING.—Section 14(e)(3) of the United States Housing Act of 1937 is amended by inserting after "(d)(4)" the following: "(including any such cost incurred in any year before the year in which the application of the public housing agency under subsection (d) is approved)".

(c) VACANT UNIT SET-ASIDE.—Section 14 of the United States Housing Act of 1937 is amended by inserting after subsection (e) the following new subsection:

"(f) Any amount available for financial assistance under subsection (b) or (k) for improving the physical condition of vacant uninhabitable dwelling units in public housing projects shall be made available in a manner to ensure the long-term viability of such dwelling units as public housing.".

(d) REHABILITATION STANDARDS.—

(1) Section 14(j)(2) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section, the Secretary shall provide assistance under this section in accordance with rehabilitation standards established by the Secretary under this paragraph and in effect on June 1, 1984.".

(2) Section 14(j) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(3) Not later than the expiration of the 6-month period following the date of the enactment of the Housing Act of 1985, the Secretary shall issue regulations that establish a system for allocating and distributing assistance under this section.".

(e) REPORTS.—

(1) Section 14 of the United States Housing Act of 1937, as amended by section 2109, is amended by adding at the end thereof the following new subsection:

"(l) The Secretary shall include in the annual report under section 8 of the Housing and Urban Development Act a description of the allocation, distribution, and use of assistance under this section on a regional basis.".

(2) Not later than the expiration of the 12-month period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report evaluating the comprehensive improvement assistance program under sections 14 and 20 of the United States Housing Act of 1937. Such report shall include—

(A) an analysis of the current physical condition of public housing projects;

(B) an estimate of the amount of assistance necessary under such sections to improve the physical condition of such projects and to upgrade the management and operation of such projects;

(C) a proposal for the creation of a replacement reserve account for major and nonroutine repairs of public housing projects, and a formula for such replacement reserve;

(D) an evaluation of the feasibility of incorporating such replacement reserve account into the performance funding system under section 9 of the United States Housing Act of 1937;

(E) an estimate of the total annual cost of such replacement reserve account; and

(F) an analysis of the feasibility for distribution of funds under such sections on a formula basis, a description of criteria for such a formula, and an estimate of the amount that each public housing agency with more than 500 dwelling units in public housing could be expected to receive under such formula distribution.

(f) RESIDENT MANAGEMENT IN PUBLIC HOUSING.—Section 14 of the United States Housing Act of 1937, as amended by subsection (e), is amended by adding at the end thereof the following new subsection:

"(m) During fiscal year 1986, the Secretary may make available up to $1,500,000, from amounts otherwise available during such fiscal year for purposes of this section, for assistance to public housing agencies that obtain, by contract or otherwise (not exceeding $100,000 per project), technical assistance for the development of resident management entities, including (but not limited to) formation of such entities, development of the management capability of newly formed or existing entities, and identification of project social support needs and securing such support.".

SEC. 2111. PUBLIC HOUSING COMPREHENSIVE GRANTS.

(a) FINDINGS.—The Congress hereby finds that—

(1) the condition of public housing projects financed under the United States Housing Act of 1937 is in some cases substandard, forcing many dwelling units to remain vacant, forcing many lower income families to live in substandard or dangerous living conditions, and preventing many others from obtaining decent, safe, and sanitary rental housing at an affordable rent as provided for under such Act;

(2) the Federal Government has a responsibility to help ensure the maintenance of public housing dwelling units in decent, safe, and sanitary condition, and to provide public housing agencies with funds sufficient to carry out such maintenance;

(3) the current comprehensive assistance improvement program has not provided public housing agencies the flexibility and responsibility essential for establishing priorities for capital improvement expenditures, assessing the relative needs of all public housing projects, and evaluating the relative advantages of repair, major maintenance, and capital replacement;

(4) the current comprehensive assistance improvement program has made it difficult for public housing agencies to plan capital improvements on a multiyear basis; and

(5) the current comprehensive assistance improvement program has resulted in unnecessary paperwork and delay, thereby increasing costs for capital improvements.

(b) PURPOSE.—It is the purpose of the amendments made by this section—

(1) to provide assistance on a reliable basis to public housing agencies to enable them to operate, upgrade, modernize, and rehabilitate public housing projects financed under the United States Housing Act of 1937 to ensure their continued availability as decent, safe, and sanitary rental housing at rents affordable to lower income families;

(2) to increase the reliability of Federal assistance for capital improvements in public housing projects;

(3) to significantly deregulate the program of Federal assistance for capital improvements in public housing projects;

(4) to provide increased opportunities and incentives for more efficient management of public housing projects; and

(5) to afford public housing agencies greater control in planning for the maintenance and improvement of public housing projects.

(c) COMPREHENSIVE GRANT PROGRAM.—The United States Housing Act of 1937 is amended by adding at the end thereof the following new section:

"COMPREHENSIVE GRANT PROGRAM

"SEC. 20. (a) PURPOSE.—It is the purpose of this section to provide assistance to improve the physical condition of existing public housing projects and to upgrade their management and operation in order to contribute to their long-term physical and social viability and their continued availability to provide decent, safe, and sanitary living conditions for lower income families.

"(b) AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE.—The Secretary may make available, and contract to make available, financial assistance to public housing agencies in accordance with the provisions of this sec-

tion with respect to public housing (as defined in section 3(b)(1)) owned or operated by such agencies.

"(c) COMPREHENSIVE PLAN.—No financial assistance may be made available to a public housing agency under this section unless the Secretary approves a 5-year comprehensive plan submitted by the public housing agency on a date determined by the Secretary, except that the Secretary may provide such assistance if it is necessary to correct conditions that constitute an immediate threat to the health or safety of tenants. The comprehensive plan shall contain—

"(1) a comprehensive assessment of—

"(A) the current physical condition of each public housing project owned or operated by the public housing agency;

"(B) the physical improvements necessary for each such project to permit the project to be rehabilitated to a level at least equal to the minimum property standards established by the Secretary and in effect at the time of the preparation of the comprehensive plan; and

"(C) the replacement needs of equipment systems and structural elements that will be required to be met (assuming routine and timely maintenance is performed) during the 5-year period covered by the comprehensive plan;

"(2) a comprehensive assessment of the improvements needed to upgrade the management and operation of the public housing agency and of each such project so that decent, safe, and sanitary living conditions will be provided such projects, which assessment shall include at least an identification of needs related to—

"(A) the management, financial, and accounting control systems of the public housing agency that are related to such projects;

"(B) the adequacy and qualifications of personnel employed by the public housing agency (in the management and operation of such projects) for each category of employment; and

"(C) the adequacy and efficacy of—

"(i) tenant programs and services in such projects;

"(ii) the security of each such project and its tenants;

"(iii) policies and procedures of the public housing agency for the selection and eviction of tenants in such projects; and

"(iv) other policies and procedures of the public housing agency relating to such projects, as specified by the Secretary;

"(3) an analysis, made on a project-by-project basis in accordance with standards and criteria prescribed by the Secretary, demonstrating that completion of the improvements and replacements identified under paragraphs (1) and (2) will reasonably ensure the long-term physical and social viability of each such project at a reasonable cost;

"(4) an action plan for making the improvements and replacements identified under paragraphs (1) and (2) that are determined under the analysis described in paragraph (3) to reasonably ensure long-term viability of each such project at a reasonable cost, which action plan shall include at least a schedule, in order of priority, of the actions that are to be completed over a period of not more than 5 years from the date of approval of the comprehensive plan by the Secretary and that are necessary—

"(A) to make the improvements and replacements identified under paragraph (1) for each project expected to receive capital improvements or replacements; and

"(B) to upgrade the management and operation of the public housing agency and its public housing projects as described in paragraph (2);

"(5) a statement, to be signed by the chief local government official (or Indian tribal official, if appropriate), certifying that—

"(A) the comprehensive plan was developed by the public housing agency in consultation with appropriate local government officials (or Indian tribal officials, if appropriate) and with tenants of the housing projects eligible for assistance under this section, which shall include not less than 2 public hearings (i) at least 1 of which shall be held prior to the initial adoption of any plan by the public housing agency for use of such assistance, and afford tenants and interested parties an opportunity to summarize their priorities and concerns, to ensure their due consideration in the planning process of the public housing agency; and (ii) at least 1 of which shall be held prior to final submission of the plan to the Department of Housing and Urban Development for its approval, to provide tenants and other interested parties an opportunity to comment on the plan of action proposed by the public housing agency in its submission; and

"(B) the comprehensive plan is consistent with the assessment of the community of its lower income housing needs and that the unit of general local government (or Indian tribe, if appropriate) will cooperate in the provision of tenant programs and services (as defined in section 3(c)(2));

"(6) a statement, to be signed by the chief public housing official, certifying that the public housing agency will carry out the comprehensive plan in conformity with title VI of the Civil Rights Act of 1964, title VIII of the Act of April 11, 1968 (commonly known as the Civil Rights Act of 1968), and section 504 of the Rehabilitation Act of 1973;

"(7) a preliminary estimate of the total cost of the items identified in paragraphs (1) and (2), including a preliminary estimate of the costs that will be incurred during each year covered by the comprehensive plan; and

"(8) such other information as the Secretary may require.

"(d) REVIEW OF COMPREHENSIVE PLANS.—

"(1) STANDARD FOR APPROVAL.—The Secretary shall approve a comprehensive plan unless—

"(A) the comprehensive plan is incomplete;

"(B) on the basis of available significant facts and data pertaining to the physical and operational condition of the public housing projects of the public housing agency or the management and operations of the public housing agency, the Secretary determines that the identification by the public housing agency of needs is plainly inconsistent with such facts and data;

"(C) on the basis of the comprehensive plan, the Secretary determines that the action plan described in subsection (c)(4) is plainly inappropriate to meeting the needs identified in the comprehensive plan, or that the public housing agency has failed to demonstrate that completion of improvements and replacements identified under paragraphs (1) and (2) of subsection (c) will reasonably ensure long-term viability of 1 or more public housing projects to which they relate at a reasonable cost; or

"(D) there is evidence available to the Secretary that tends to challenge in a substantial manner any certification contained in the comprehensive plan.

"(2) SCHEDULE FOR APPROVAL.—The comprehensive plan shall be considered to be approved, unless the Secretary notifies the public housing agency in writing within 75 calendar days of submission that the Secretary has disapproved the comprehensive plan as submitted, indicating the reasons for disapproval and modifications required to make the comprehensive plan approvable.

"(e) ANNUAL STATEMENT.—

"(1) Each public housing agency receiving assistance under this section shall submit to the Secretary, at a date determined by the Secretary, an annual statement of the activities and expenditures projected to be funded, in whole or in part, by such assistance during the immediately following fiscal year of the public housing agency. The annual statement shall include a certification by the public housing agency that the proposed activities and expenditures are consistent with the approved comprehensive plan of the public housing agency. The annual statement also shall include a certification that the public housing agency has provided the tenants of the public housing and other interested parties the opportunity to review the annual statement and comment on it, and that such comments have been taken into account in formulating the annual statement as submitted to the Secretary.

"(2) A public housing agency may propose an amendment to its comprehensive plan under subsection (c) in any annual statement. Any such proposed amendment shall be reviewed in accordance with subsection (d), and shall include a certification that (A) the proposed amendment has been made publicly available for comment prior to its submission; (B) tenants and other interested parties have been given sufficient time to review and comment on it; and (C) such comments have been taken into consideration in the preparation and submission of the amendment.

"(3) The Secretary shall approve the annual statement unless the Secretary determines that it is inconsistent with the comprehensive plan. The annual statement shall be considered to be approved, unless the Secretary notifies the public housing agency in writing before the expiration of the 75-day period following submission of the annual statement that the Secretary has disapproved the annual statement as submitted, indicating the reasons for disapproval and the modifications required to make the annual statement approvable. The annual statement shall be approved before the public housing agency receives any assistance under this section for the fiscal year to which the annual statement relates.

"(f) ANNUAL PERFORMANCE REPORTS; REVIEWS AND AUDITS.—

"(1) PERFORMANCE AND EVALUATION REPORTS.—Each public housing agency receiving assistance under this section shall submit to the Secretary, on a date determined by the Secretary, a performance and evaluation report concerning the use of funds made available under this section. The report of the public housing agency shall include an assessment by the public housing agency of the relationship of such use of funds made available under this section, as well as the use of other funds, to the needs identified in the comprehensive plan of the public housing agency and to the purposes of this section. The public housing agency shall certify that the report has been made available for review and comment by tenants and other interested parties prior to its submission to the Secretary.

"(2) REVIEWS BY SECRETARY.—The Secretary shall, at least on an annual basis, make

such reviews as may be necessary or appropriate to determine whether each public housing agency receiving assistance under this section—

"(A) has carried out its activities under this section in a timely manner and in accordance with its comprehensive plan;

"(B) has a continuing capacity to carry out its comprehensive plan in a timely manner;

"(C) has satisfied, or has made reasonable progress towards satisfying, such performance standards as shall be prescribed by the Secretary, which shall include at least that the public housing agency shall—

"(i) maintain all occupied dwelling units in public housing projects eligible for assistance under this section at levels at least equal to the housing quality standards established by the Secretary under section 8(o)(6);

"(ii) maintain at least a 97-percent occupancy rate for all dwelling units in such projects; and

"(iii) maintain an operating reserve, as authorized under section 9(a), equal to at least 20 percent of the routine expenses in the operating budget of each year; and

"(D) has made reasonable progress in carrying out modernization projects approved under the provisions of section 14.

"(3) AUDITS OF FINANCIAL TRANSACTIONS.—Recipients of assistance under this section shall have an audit made in accordance with chapter 75 of title 31, United States Code. The Secretary, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States shall have access to all books, documents, papers, or other records that are pertinent to the activities carried out under this section in order to make audit examinations, excerpts, and transcripts.

"(4) CORRECTIVE ACTION.—The comprehensive plan, any amendments to the comprehensive plan, and the annual statement shall, once approved by the Secretary, be binding upon the Secretary and the public housing agency. The Secretary may order corrective action only if the public housing agency does not comply with paragraph (1) or (2) or if an audit under paragraph (3) reveals findings that the Secretary reasonably believes require such corrective action. The Secretary may withhold funds under this section only if the public housing agency fails to take such corrective action after notice and a reasonable opportunity to do so. In administering this section, the Secretary shall, to the greatest extent possible, respect the professional judgment of the administrators of the public housing agency.

"(g) ELIGIBLE COSTS.—A public housing agency may use financial assistance received under subsection (b) only—

"(1) to undertake activities described in its approved comprehensive plan under subsection (c) or its annual statement under subsection (e);

"(2) to correct conditions that constitute an immediate threat to the health or safety of tenants, whether or not the need for such correction is indicated in its comprehensive plan or annual statement;

"(3) to prepare a comprehensive plan under subsection (c), including reasonable costs that may be necessary to assist tenants in participating in the planning process in a meaningful way, an annual statement under subsection (e), an annual performance and evaluation report under subsection (f)(1), and an audit under subsection (f)(3); and

"(4) to operate public housing projects consistent with the requirements that apply to amounts provided under section 9, except that not more than 20 percent of the funds secured under this section may be used for such purposes.

"(h) ALLOCATION OF ASSISTANCE.—The system for allocating assistance under section 14 in effect on May 21, 1985, shall remain in effect until the Congress, by law, establishes criteria for a formula or other allocation method to be used by the Secretary under this section in determining—

"(1) for each public housing agency, the amounts that are necessary to address current needs for capital improvements;

"(2) for each public housing agency, the amounts that are necessary to address the future needs for capital improvements through a replacement reserve; and

"(3) the relative needs of public housing agencies of different sizes for the amounts described in paragraphs (1) and (2).

"(i) ANNUAL REPORT.—The Secretary shall include in the annual report under section 8 of the Department of Housing and Urban Development Act a description of the allocation, distribution, and use of assistance under this section on a regional basis.

"(j) AUTHORIZATION OF APPROPRIATIONS.—

"(1) CURRENT NEEDS.—

"(A) There are authorized to be appropriated under this section to provide assistance for the current needs for capital improvements of public housing agencies such sums as may be necessary for fiscal years 1987, 1988, and 1989.

"(B) Of the amounts appropriated under subparagraph (A), 3 percent shall be reserved by the Secretary to provide assistance to correct conditions in public housing agencies that constitute an immediate threat to the health or safety of tenants.

"(2) REPLACEMENT RESERVE.—There are authorized to be appropriated under this section to provide assistance for the future needs for capital improvements in replacement reserves for public housing agencies such sums as may be necessary for fiscal years 1987, 1988, and 1989.

"(3) AVAILABILITY.—Any amount appropriated under this subsection shall remain available until expended.

"(k) REGULATIONS.—The Secretary may issue such regulations as are necessary to carry out the provisions of this section.".

(d) USE OF OPERATING ASSISTANCE.—Section 9(a)(1) of the United States Housing Act of 1937 is amended by inserting after the first sentence the following new sentence: "A public housing agency may also use any available amounts provided under this section in accordance with the purpose and requirements of section 20.".

(e) ASSISTANCE FOR PREPARATION OF COMPREHENSIVE PLANS.—Of the amounts approved in appropriation Acts for fiscal year 1986 for financial assistance under section 14 of the United States Housing Act of 1937, the Secretary shall, not later than November 1, 1985, provide such sums as may be reasonable and necessary to public housing agencies that request funds to prepare comprehensive plans under section 20(c) of the United States Housing Act of 1937, as added by this section.

(f) APPLICABILITY.—

(1) IN GENERAL.—The amendments made by subsections (c) and (d) shall be applicable in fiscal year 1987 and succeeding fiscal years, but in no event before the date of the enactment of the law referred to in section 20(h) of the United States Housing Act of 1937, as added by this section. Except as provided in paragraph (2), the provisions of section 14 of the United States Housing Act of 1937 shall continue to apply to amounts appropriated for any prior fiscal year to carry out such section 14.

(2) TRANSITION PROVISION.—Any amount obligated by the Secretary of Housing and Urban Development to a public housing agency under section 14 of the United States Housing Act of 1937 from amounts appropriated for any fiscal year beginning on or before the date of the enactment of the law referred to in section 20(h) of the United States Housing Act of 1937, as added by this section, shall be used for the purposes for which such amount was provided, or for purposes consistent with a comprehensive plan submitted by the public housing agency and approved by the Secretary under such section 20 as added by this section, as the public housing agency considers appropriate.

SEC. 2112. INCOME ELIGIBILITY FOR ASSISTED HOUSING.

The United States Housing Act of 1937 is amended by striking out section 16.

SEC. 2113. RENTAL DEVELOPMENT PROGRAM.

(a) BUDGET AUTHORITY.—Section 17(a) of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

"(4) ADDITIONAL AUTHORIZATION.—There are authorized to be appropriated not to exceed $150,000,000 for fiscal year 1986 for development grants.".

(b) PROGRAM REQUIREMENTS.—Section 17(d)(4) of the United States Housing Act of 1937 is amended—

(1) in subparagraph (E)—

(A) by inserting "(i)" after the subparagraph designation;

(B) by striking out "lower income families" and inserting in lieu thereof the following: "families who are lower income families on the date of initial occupancy";

(C) by adding "and" at the end of clause (i), as so redesignated by this paragraph; and

(D) by adding at the end thereof the following new clause:

"(ii) a family shall be considered to meet the requirements of clause (i) until it pays a rent equal to the lowest rent for a unit of the same size in the same project that is occupied by a family that does not meet the requirements of clause (i);";

(2) by striking out "and" at the end of subparagraph (G);

(3) by striking out the period at the end of subparagraph (H) and inserting in lieu thereof "; and"; and

(4) by adding at the end thereof the following new subparagraph:

"(I) the owner of each assisted structure agrees to comply with the provisions of paragraph (8) until the 20-year period specified in paragraph (7) has ended.".

(c) RENT PROVISIONS.—Section 17(d)(8)(A) of the United States Housing Act of 1937 is amended—

(1) in the first sentence by striking out "lower income families" and inserting in lieu thereof the following: "families that meet the requirements of paragraph (4)(E)"; and

(2) in the second sentence, by striking out "30" and all that follows through "families" and inserting in lieu thereof the following: "the amount permitted under section 3(a) for lower income families".

(d) ENFORCEMENT OF PROGRAM REQUIREMENTS.—Section 17(d)(7)(A) is amended by striking out the penultimate sentence.

SEC. 2114. RENTAL REHABILITATION PROGRAM.

(a) ELIGIBLE PROPERTY.—Section 17(a)(1)(A) of the United States Housing Act of 1937 is amended by inserting after "property" the following: ", or of real property that will be privately owned upon the completion of rehabilitation,".

(b) AVAILABILITY OF AMOUNTS.—Section 17(a)(3)(A) of the United States Housing Act of 1937 is amended by inserting before the semicolon the following: "(and such amounts may be permitted by appropriation Acts to remain available until September 30, 1987)".

PART 2—MULTIFAMILY HOUSING MANAGEMENT AND PRESERVATION

SEC. 2121. PREPAYMENT OF MORTGAGES.

Section 250(a)(1) of the National Housing Act is amended by striking out "or" and all that follows through "needs" the last place it appears.

SEC. 2122. MANAGEMENT AND PRESERVATION OF HUD-OWNED MULTIFAMILY HOUSING PROJECTS.

(a) GOALS.—Section 203(a) of the Housing and Community Development Amendments of 1978 is amended by striking out "(a)" and all that follows through the semicolon at the end of paragraph (1) and inserting in lieu thereof the following:

"(a) The Secretary of Housing and Urban Development (hereafter in this section referred to as the 'Secretary') shall manage and dispose of multifamily housing projects that are owned by the Secretary, or whose mortgages are held by, assigned to, or being foreclosed upon by the Secretary, in a manner that is consistent with the National Housing Act and this section and that will, in the least costly fashion among the reasonable alternatives available, further the goals of—

"(1) preserving so that they are available to and affordable by low- and moderate-income persons—

"(A) all units in multifamily housing projects that are formerly subsidized projects; and

"(B) in all other multifamily housing projects, at least those units that are, on the date of assignment, occupied by low- and moderate-income persons or vacant;".

(b) MANAGEMENT SERVICES.—Section 203(b)(2) of the Housing and Community Development Amendments of 1978 is amended by striking out ", owned by the Secretary" and inserting in lieu thereof "to which subsection (a) applies".

(c) MAINTAINING OF PROJECTS.—Section 203(c) of the Housing and Community Development Amendments of 1978 is amended to read as follows:

"(c) The Secretary shall—

"(1) to the greatest extent possible, maintain all occupied multifamily housing projects to which subsection (a) applies in a decent, safe, and sanitary condition;

"(2) to the greatest extent possible, maintain full occupancy in all such projects; and

"(3) maintain all such projects for purposes of providing rental or cooperative housing for the longest feasible period.".

(d) FINANCIAL ASSISTANCE.—Section 203 of the Housing and Community Development Amendments of 1978 is amended—

(1) by redesignating subsections (d) through (g) as subsections (e) through (h), respectively; and

(2) by inserting after subsection (c) the following new subsection:

"(d) In carrying out the goals specified in subsection (a)(1) the Secretary shall, to the extent provided in appropriation Acts, take one or both of the following actions:

"(1) Enter into contracts under section 8 of the United States Housing Act of 1937 with owners of multifamily housing projects that are acquired at foreclosure or after sale by the Secretary. Such contracts shall be attached to the project involved for a period of not less than 15 years and shall be sufficient to assist all units that are occupied by lower income families eligible for assistance under such section 8 at the time of foreclosure or sale, as the case may be, or that are vacant at such time (which units shall forthwith be made available for such families). In order to make available to families any units that are occupied by persons not eligible for assistance under such section 8, but that subsequently become vacant, the contract shall also provide that when any such vacancy occurs the owner involved shall apply to the Secretary for additional assistance to the project involved under the same terms as the original assistance. The Secretary shall provide such contracts at fair market rents that, consistent with subsection (a), provide for the rehabilitation of such project and do not exceed the most recently adjusted fair market rents for substantially rehabilitated units published by the Secretary in the Federal Register. Such contracts shall not be subject to section 16 of the United States Housing Act of 1937.

"(2) Provide purchase-money mortgages to the owners of multifamily housing projects that are acquired at foreclosure or after sale by the Secretary on terms that will ensure that the project will remain available to and affordable by low- and moderate-income persons for a period of not less than 15 years.".

(e) PARTIAL CLAIM PAYMENTS.—Section 203(e)(1) of the Housing and Community Development Amendments of 1978, as so redesignated in this section, is amended by striking out "owned by the Secretary" and inserting in lieu thereof "to which subsection (a) applies".

(f) LIMITATIONS ON CERTAIN TRANSFERS.—Section 203 of the Housing and Community Development Amendments of 1978 is amended—

(1) by redesignating subsections (g) and (h), as so redesignated in this section, as subsections (h) and (i); and

(2) by inserting before such subsection (h) the following new subsection:

"(g)(1) The Secretary may not approve the transfer of any mortgage insured by the Secretary on any formerly subsidized project unless such transfer is made as part of a transaction that will ensure that such project will continue to operate at least until the maturity date of such mortgage in a manner that will provide rental housing on terms at least as advantageous to existing and future tenants as the terms required by such mortgage.

"(2) The Secretary may not approve a transfer of the physical assets of any formerly subsidized project subject to a mortgage held or insured by the Secretary unless the proposed owner agrees to maintain the low- and moderate-income character of such project for a period of not less than the remaining term of such mortgage.".

(g) FORMERLY SUBSIDIZED PROJECTS.—Section 203(h) of the Housing and Community Development Amendments of 1978, as so redesignated in this section, is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) For the purpose of this section, the term 'formerly subsidized project' means a multifamily housing project receiving any of the following assistance immediately prior to the assignment of the mortgage on such project to, or the acquisition of such mortgage by, the Secretary:

"(A) below market interest rate mortgage insurance under the proviso of section 221(d)(5) of the National Housing Act;

"(B) interest reduction payments made in connection with mortgages insured under section 236 of the National Housing Act;

"(C) rent supplement payments under section 101 of the Housing and Urban Development Act of 1965;

"(D) direct loans at below market interest rates, made under section 202 of the Housing Act of 1959 or section 312 of the Housing Act of 1964; or

"(E) housing assistance payments made under section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975) or section 8 of the United States Housing Act of 1937 (other than subsection (b)(1) of such section).".

SEC. 2123. ACQUISITION OF INSURED MULTIFAMILY HOUSING PROJECTS.

Section 207(k) of the National Housing Act is amended by inserting after the second sentence the following new sentence: "In determining the amount to be bid, the Secretary shall act consistently with the goal established in section 203(a)(1) of the Housing and Community Development Amendments of 1978.".

SEC. 2124. TENANT PARTICIPATION IN MULTIFAMILY HOUSING PROJECTS.

(a) APPLICABILITY.—Section 202(a) of the Housing and Community Development Amendments of 1978 is amended by inserting before the period at the end thereof the following: "or section 202 of the Housing Act of 1959".

(b) NOTICE AND COMMENT.—Section 202(b)(1) of the Housing and Community Development Amendments of 1978 is amended—

(1) by striking out "or" the third place it appears;

(2) by inserting after "alterations," the following: "transfer of physical assets, or application for capital improvements loan,"; and

(3) by striking out "and the Secretary deems it appropriate" and inserting in lieu thereof the following: "or where the Secretary proposes to sell a mortgage securing a multifamily housing project".

(c) NONDISCRIMINATION AGAINST SECTION 8 CERTIFICATE HOLDERS.—Section 202(b)(2) of the Housing and Community Development Amendments of 1978 is amended by inserting before the semicolon at the end thereof the following: ", and such owners agree not to refuse unreasonably to lease any vacant dwelling unit in the project that rents for an amount not greater than the fair market rent for a comparable unit, as determined by the Secretary under section 8 of the United States Housing Act of 1937, to a holder of a certificate of eligibility under such section solely because of the status of such prospective tenant as a holder of such certificate".

SEC. 2125. TROUBLED MULTIFAMILY HOUSING PROJECTS.

Section 201(d)(1) of the Housing and Community Development Amendments of 1978 is amended by inserting before the semicolon at the end thereof the following: "and to apply for sufficient assistance under this section, section 8 of the United States Housing Act of 1937, or any other appropriate housing assistance program to permit the

owner to maintain both the financial soundness and the low- and moderate-income character of the project, except that such agreement shall also provide that the agreement of the owner to maintain the low- and moderate-income character of the project for such period shall be binding only as long as such sufficient assistance is available and offered and the project receives such sufficient assistance".

SEC. 2126. INAPPLICABILITY OF CERTAIN INCOME ELIGIBILITY RESTRICTIONS TO PROPERTY DISPOSITION CONTRACTS.

Section 16 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(c) Subsections (a) and (b) shall not be applicable to contracts entered into under section 8 of the United States Housing Act of 1937 with owners of multifamily housing projects that are acquired at foreclosure or after sale by the Secretary under section 203 of the Housing and Community Development Amendments of 1978.".

PART 3—OTHER HOUSING ASSISTANCE PROGRAMS

SEC. 2141. HOUSING FOR THE ELDERLY AND HANDICAPPED.

(a) BUDGET AUTHORITY.—

(1) The first sentence of section 202(a)(4)(B)(i) of the Housing Act of 1959 is amended—

(A) by striking out "and" the first place it appears; and

(B) by inserting after "1984," the following: "and to such sums as may be approved in an appropriation Act on October 1, 1985,".

(2) Section 202(a)(4)(C) of the Housing Act of 1959 is amended by adding at the end thereof the following new sentence: "Not more than $601,000,000 may be approved in appropriation Acts for such loans for fiscal year 1986.".

(b) INTEREST RATE LIMITATION.—Section 223(a)(2) of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "October 1, 1984" and inserting in lieu thereof "October 1, 1986".

(c) COMMUNITY PARTICIPATION.—

(1) Section 202(a) of the Housing Act of 1959 is amended by adding at the end thereof the following new paragraph:

"(8) To the maximum extent practicable, the Secretary shall encourage each corporation to provide for appropriate community participation in the development of the housing project assisted under this section.".

(2) Section 202(d)(2)(B) of the Housing Act of 1959 is amended to read as follows:

"(B) that owns and is responsible for the operation of the housing project assisted under this section; and".

SEC. 2142. HOUSING FOR THE HANDICAPPED.

(a) FINDINGS AND PURPOSE.—

(1) The Congress hereby finds that—

(A) housing for nonelderly handicapped families is assisted under section 202 of the Housing Act of 1959 and section 8 of the United States Housing Act of 1937;

(B) the housing programs under such sections are designed and implemented primarily to assist rental housing for elderly and nonelderly families and are often inappropriate for dealing with the specialized needs of the physically impaired, the developmentally disabled, and the chronically mentally ill;

(C) the development of housing for nonelderly handicapped families under such programs is often more expensive than necessary, thereby reducing the number of such families that can be assisted with available funds;

(D) the program under section 202 of the Housing Act of 1959 can continue to provide direct loans to finance group residences and independent apartments for nonelderly handicapped families, but can be made more efficient and less costly by the adoption of standards and procedures applicable only to housing for such families;

(E) the use of the program under section 8 of the United States Housing Act of 1937 to assist rentals for housing for nonelderly handicapped families is time consuming and unnecessarily costly and, in some areas of the Nation, prevents the development of such housing;

(F) the use of the program under section 8 of the United States Housing Act of 1937 to assist rentals for housing for nonelderly handicapped families should be replaced by a more appropriate subsidy mechanism;

(G) both elderly and handicapped housing projects assisted under section 202 of the Housing Act of 1959 will benefit from an increased emphasis on supportive services and a greater use of State and local funds; and

(H) an improved program for nonelderly handicapped families will assist in providing shelter and supportive services for mentally ill persons who might otherwise be homeless.

(2) The purpose of this section is to improve the direct loan program under section 202 of the Housing Act of 1959 to ensure that such program meets the special housing and related needs of nonelderly handicapped families.

(b) HOUSING FOR HANDICAPPED FAMILIES.—

(1) Section 202(h) of the Housing Act of 1959 is amended to read as follows:

"(h)(1) Of the amounts made available in appropriation Acts for loans under subsection (a)(4)(C) for any fiscal year commencing after September 30, 1985, not less than 15 percent or $100,000,000, whichever amount is greater, shall be available for loans for the development costs of housing for handicapped families. If the amount required for any such fiscal year for approvable applications for loan under this subsection is less than the amount available under this paragraph, the balance shall be made available for loans under other provisions of this section.

"(2) The Secretary shall take such actions as may be necessary to ensure that—

"(A) funds made available under this subsection will be used to support a variety of methods of meeting the needs primarily of nonelderly handicapped families by providing a variety of housing options, ranging from small group homes to independent living complexes; and

"(B) housing for handicapped families assisted under this subsection will provide families occupying units in such housing with an assured range of services specified in subsection (f), will provide such families with opportunities for optimal independent living and participation in normal daily activities, and will facilitate access by such families to the community at large and to suitable employment opportunities within such community.

"(3)(A) In allocating funds under this subsection, and in processing applications for loans under this section and assistance payments under paragraph (4), the Secretary shall adopt such distinct standards and procedures as the Secretary determines appropriate due to differences between housing for handicapped families and other housing assisted under this section.

"(B) The Secretary may, on a demonstration basis, determine the feasibility and desirability of reducing processing time and costs for housing for handicapped families by limiting project design to a small number of prototype designs. Any such demonstration shall be limited to the 3-year period following the date of the enactment of the Housing Act of 1985, may only involve projects whose sponsors consent to participation in such demonstration, and shall be described in a report submitted by the Secretrary to the Congress following completion of such demonstration.

"(4)(A) The Secretary shall, to the extent approved in appropriation Acts, enter into contracts with owners of housing for handicapped families receiving loans under, or meeting the requirements of, this section to make monthly payments to cover any part of the costs attributed to units occupied (or, as approved by the Secretary, held for occupancy) by lower income families that is not met from project income. The annual contract amount for any project shall not exceed the sum of the initial annual project rentals for all units and any initial utility and services allowances for such units, as approved by the Secretary. Any contract amounts not used by a project in any year shall remain available to the project until the expiration of the contract. The term of a contract entered into under this subparagraph shall be 240 months. The annual contract amount may be adjusted by the Secretary if the sum of the project income and the amount of assistance payments available under this subparagraph are inadequate to provide for reasonable project costs. In the case of an intermediate care facility in which there reside families assisted under title XIX of the Social Security Act, project income under this subparagraph shall include the same amount as if such families were being assisted under title XVI of the Social Security Act.

"(B) The Secretary shall approve initial project rentals for any project assisted under this subsection based on the determination of the Secretary of the total actual necessary and reasonable costs of developing and operating the project, taking into consideration the need to contain costs to the extent practicable and consistent with the purposes of the project and this section.

"(C) The Secretary shall require that, during the term of each contract entered into under subparagraph (A), all units in a project assisted under this subsection shall be made available for occupancy by lower income families, as such term is defined in section 3(b)(2) of the United States Housing Act of 1937. The rent payment required of a lower income family shall be determined in accordance with section 3(a) of such Act, except that the gross income of a family occupying an intermediate care facility assisted under title XIX of the Social Security Act shall be the same amount as if the family were being assisted under title XVI of the Social Security Act.

"(D) The Secretary shall coordinate the processing of an application for a loan for housing for handicapped families under this section and the processing of an application for assistance payments under this paragraph for such housing.".

(2) Section 202(d) of the Housing Act of 1959 is amended by adding at the end thereof the following new paragraphs:

"(9) The term 'housing for handicapped families' means housing and related facilities to be occupied by handicapped families

who are primarily nonelderly handicapped families.

"(10) The term 'nonelderly handicapped families' means elderly or handicapped families, the head of which (and spouse, if any) is less than 62 years of age at the time of initial occupancy of a project assisted under this section.".

(3) Section 202(c)(3) of the Housing Act of 1959 is amended by inserting after "section" the following: "and designed for dwelling use by 12 or more elderly or handicapped families".

(c) SUPPORTIVE SERVICES FOR ELDERLY AND HANDICAPPED FAMILIES.—Section 202(f) of the Housing Act of 1959 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each applicant for a loan under this section for housing and related facilities shall submit with the application a supportive services plan describing—

"(A) the category or categories of families such housing and facilities are intended to serve;

"(B) the range of necessary services to be provided to the families occupying such housing;

"(C) the manner in which such services will be provided to such families; and

"(D) the extent of State and local funds available to assist in the provision of such services.".

(d) TERMINATION OF SECTION 8 ASSISTANCE.—On and after the first date that amounts approved in an appropriation Act for any fiscal year become available for contracts under section 202(h)(4)(A) of the Housing Act of 1959, as amended by subsection (b) of this section, no project for handicapped (primarily nonelderly) families approved for such fiscal year pursuant to section 202 of such Act shall be provided assistance payments under section 8 of the United States Housing Act of 1937, except pursuant to a reservation for a contract to make such assistance payments that was made before the first date that amounts for contracts under such section 202(h)(4)(A) became available.

(e) IMPLEMENTATION.—Not later than the expiration of the 120-day period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall, to the extent amounts are approved in an appropriation Act for use under section 202(h)(4)(A) of the Housing Act of 1959 for fiscal year 1986, publish in the Federal Register a notice of fund availability to implement the provisions of, and amendments made by, this section. The Secretary shall issue such rules as may be necessary to carry out such provisions and amendments for fiscal year 1987 and thereafter.

(f) EFFECTIVE DATE AND APPLICABILITY.—

(1) The provisions of, and amendments made by, this section shall become effective on October 1, 1985.

(2)(A) Except as otherwise provided in this section, the provisions of, and amendments made by, this section shall not apply with respect to projects with loans or loan reservations under section 202 of the Housing Act of 1959 using authority approved in appropriation Acts for fiscal years beginning before October 1, 1985.

(B) Notwithstanding subparagraph (A), the Secretary may apply the provisions of, and amendments made by, this section to any project in order to facilitate the development of such project in a timely manner.

SEC. 2143. CONGREGATE SERVICES.

Section 411(a) of the Congregate Housing Services Act of 1978 is amended—

(1) by striking out "and" at the end of paragraph (5);

(2) by striking out the period at the end of paragraph (6) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(7) for fiscal year 1986, not to exceed $8,000,000.".

SEC. 2144. SECTION 235 HOMEOWNERSHIP PROGRAM.

(a) CONTRACT AUTHORITY.—The second sentence of section 235(h)(1) of the National Housing Act is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and by $7,500,000 on October 1, 1985".

(b) BUDGET AUTHORITY.—Section 235(h)(1) of the National Housing Act is amended by inserting after the third sentence the following new sentence: "The aggregate amount that may be obligated over the duration of the contracts entered into with the authority provided on October 1, 1985, may not exceed $75,000,000.".

(c) ASSISTANCE PAYMENTS AUTHORITY.—Section 235(h)(1) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(d) INSURANCE AUTHORITY.—Section 235(m) of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(e) HOUSING STIMULUS AUTHORITY.—Section 235(q)(1) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

SEC. 2145. TASK FORCE ON FAMILY HOUSING NEEDS.

(a) ESTABLISHMENT.—There hereby is established a task force to be known as the Task Force on Family Needs in Assisted Housing (hereafter referred to in this section as the "task force"), which shall examine—

(1) the problems of families with children living in highrise buildings assisted by the Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary");

(2) the problems of such families who are on waiting lists for housing assistance provided by, or housing assisted by, the Secretary; and

(3) the need for construction of additional dwelling units for such families.

(b) MEMBERS.—

(1) The task force shall consist of not less than 20 members appointed by the Secretary as follows:

(A) 5 members appointed from persons who are officials of the Department of Housing and Urban Development;

(B) 5 members appointed from persons who are public housing agency directors;

(C) 5 members appointed from persons who are representatives of tenants in assisted housing; and

(D) 5 members appointed from persons who are representatives of units of general local government.

(2) Each member of the task force shall serve without pay, allowances, or benefits by reason of such service. Each such member shall be reimbursed for actual expenses, including travel expenses, incurred in the course of performing the duties vested in the task force.

(c) MEETINGS.—The task force shall meet as necessary to carry out the purposes of this section, at the call of the Secretary.

(d) STAFF AND OFFICES.—The Secretary shall provide the task force with such staff and office facilities as the Secretary, following consultation with the task force, considers necessary to permit the task force to carry out its functions under this section.

(e) REPORT.—Not later than the expiration of the 1-year period following the date of the enactment of this Act, the task force shall submit to the Secretary and the Congress a report setting forth its findings as a result of its study under subsection (a). Such report shall include any recommendations of the task force for actions to resolve the problems identified in such study.

SEC. 2146. ENERGY CONSERVATION IN ASSISTED HOUSING.

(a) IN GENERAL.—Any housing project, for which development is assisted under the United States Housing Act of 1937 or section 202 of the Housing Act of 1959 and commences after the 1-year period following the date of the enactment of this Act, shall be developed in accordance with life-cycle cost-effective energy conservation performance standards established by the Secretary of Housing and Urban Development and designed to ensure the lowest total construction and operating costs over the estimated life of the building.

(b) CONSTRUCTION COST LIMITS.—The Secretary shall revise the cost limits applicable to the development of housing assisted under the United States Housing Act of 1937 and section 202 of the Housing Act of 1959 for purposes of taking into consideration life-cyle costs of the structure and major energy consuming heating and cooling systems.

(c) REGULATIONS.—The Secretary of Housing and Urban Development shall, not later than the expiration of the 1-year period following the date of the enactment of this Act, issue regulations establishing the standards referred to in subsection (a) and revising the cost limits referred to in subsection (b).

SEC. 2147. ANNUAL REPORT ON CHARACTERISTICS OF FAMILIES IN ASSISTED HOUSING.

(a) IN GENERAL.—The Secretary of Housing and Urban Development shall include in the annual report under section 8 of the Housing and Urban Development Act descriptions of the characteristics of families assisted under each of the following programs of assistance: public housing, section 8 of the United States Housing Act of 1937 (other than subsection (o) of such section), section 8(o) of the United States Housing Act of 1937, and section 202 of the Housing Act of 1959.

(b) SPECIFIC REQUIREMENTS.—The descriptions required in subsection (a) shall include information with respect to—

(1) family size, including the number of children;

(2) amount and sources of family income;

(3) the age, race, and sex of family members; and

(4) whether the head of the family (or the spouse of such person) is a member of the armed forces.

SEC. 2148. PROCEDURES AND POLICIES FOR MANDATORY MEALS PROGRAMS IN ASSISTED HOUSING FOR THE ELDERLY.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary"),

in consultation with owners, managers, and tenants of housing projects for the elderly that are assisted under section 202 of the Housing Act of 1959, section 236 of the National Housing Act, and section 8 of the United States Housing Act of 1937 and that have mandatory meals programs, shall develop and implement within 1 year following the date of the enactment of this Act procedures and policies governing the operation of such programs to facilitate the sound and equitable administration of all such programs and to ensure that meals provided under such programs are at the least possible cost to all tenants.

(b) SPECIFIC REQUIREMENTS.—Procedures and policies prescribed by the Secretary under subsection (a) shall include rules to—

(1) require sponsors of mandatory meals programs to accept food stamps toward payment for meals;

(2) require, when the lease is renewed or within 12 months of the date of the enactment of this Act, whichever occurs earlier, the contract for any meals service to be separate from the lease for the housing unit and to prohibit the eviction of any tenant for nonpayment of the meals service contract;

(3) require exceptions from participation in mandatory meals programs where such programs cannot satisfactorily accommodate the special dietary or health needs of a tenant, as certified by the tenant's physician, or the special diet or food practice tenets of a tenant's religion, or where such programs substantially interfere with a tenant's employment;

(4) require sponsors of mandatory meals programs to provide refunds or otherwise excuse tenants from payment for meals not eaten during periods of temporary absence from a housing facility due to confinement in a hospital, nursing home, or other health care or rehabilitative facility, or, where prior notification is provided to the sponsor by tenants, during periods of extended absence from the facility; and

(5) encourage sponsors of mandatory meal programs to make meals available to tenants who are confined to units within the facility due to illness or other temporary incapacitation that prevents participation in congregate dining or otherwise to compensate tenants for meals not eaten during such temporary incapacitation.

(c) LIMIT ON TENANT PAYMENTS.—

(1) The Secretary shall prescribe rules requiring sponsors of mandatory meals programs to exempt from participation in such programs tenants for whom participation in such programs constitutes an unbearable financial hardship, especially for the very lowest income tenants, or to provide such tenants with financial assistance toward the cost of participation in such programs.

(2) In determining unbearable financial hardship under paragraph (1), the Secretary shall take into consideration the cost to tenants of meals not covered by the program and other necessary living costs remaining after payment of charges for the mandatory meals program.

(d) STUDY.—For purposes of facilitating congressional consideration of the appropriateness of mandatory meals programs in assisted housing projects for the elderly, the Secretary shall, not later than the expiration of the 18-month period following the date of the enactment of this Act, submit to the Congress a report reviewing the operation of mandatory meals programs and actions of the Department of Housing and Urban Development implementing the provisions of this section. Such report shall include information with respect to—

(1) the cost effectiveness of mandatory meals programs in comparison to comparable meals programs offered on a voluntary basis;

(2) the benefits to tenants provided by mandatory participation in meals programs;

(3) the extent of compliance among sponsors of mandatory meals programs with rules required by this section;

(4) the extent to which tenants of assisted housing projects with mandatory meals programs have been required to participate in such programs against their wishes due to limited availability of alternative assisted housing projects for the elderly; and

(5) the availability of funding under the Congregate Housing Services Act of 1965, title III of the Older Americans Act of 1965, or other Federal programs for facilitating the conversion of current mandatory meals programs to voluntary participation by tenants.

(e) MORATORIUM ON NEW MANDATORY MEAL PROGRAMS.—During the 18-month period following the date of the enactment of this Act, the Secretary—

(1) shall permit the establishment of only voluntary meals programs in assisted housing projects for the elderly with respect to which funds for assistance are reserved by the Secretary after September 30, 1985; and

(2) shall not permit the conversion of a voluntary meals program in existence as of September 30, 1985, to a mandatory meals program.

SEC. 2149. MODIFICATION OF RESTRICTION ON USE OF ASSISTED HOUSING.

(a) IN GENERAL.—Section 214 of the Housing and Community Development Act of 1980 is amended to read as follows:

"RESTRICTION ON USE OF ASSISTED HOUSING

"SEC. 214. (a) Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may not make financial assistance available for the benefit of any nonimmigrant student-alien.

"(b) For purposes of this section:

"(1) The term 'financial assistance' means financial assistance made available pursuant to the United States Housing Act of 1937, section 235 or 236 of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965.

"(2) The term 'nonimmigrant student-alien' means—

"(A) any alien who—

"(i) has a residence in a foreign country that such alien has no intention of abandoning;

"(ii) is a bona fide student qualified to pursue a full course of study; and

"(iii) is admitted to the United States temporarily and solely for purposes of pursuing such a course of study at an established institution of learning or other recognized place of study in the United States, particularly designated by such alien and approved by the Attorney General after consultation with the Department of Education of the United States, which institution or place of study shall have agreed to report to the Attorney General the termination of attendance of each nonimmigrant student (and if any such institution of learning or place of study fails to make such reports promptly the approval shall be withdrawn); and

"(B) the alien spouse and minor children of any alien described in subparagraph (A), if accompanying such alien or following to join such alien.".

(b) CONFORMING AMENDMENT.—The Housing and Community Development Amendments of 1981 is amended by striking out section 329(b).

SEC. 2150. EXCLUSION OF HOUSING ASSISTANCE AS INCOME.

Notwithstanding any other provision of law, the value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, or title V of the Housing Act of 1949 may not be considered as income or a resource for the purpose of determining the eligibility of, or the amount of benefits payable to, any person living in such unit for assistance under any State program receiving payments under part A of title IV of the Social Security Act.

SEC. 2151. USE OF CERTAIN EXCESS RENTAL CHARGES FOR ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS.

Section 236(f)(3) of the National Housing Act is amended by striking out "1985" and inserting in lieu thereof "1986".

SEC. 2152. HOUSING DEMONSTRATION PROJECT.

(a) REPORT.—Section 225(h) of the Housing and Urban-Rural Recovery Act of 1983 is amended—

(1) by striking out paragraph (1);

(2) by redesignating paragraph (2) as paragraph (1);

(3) by striking out "October 1, 1985" and inserting in lieu thereof "October 1, 1986"; and

(4) by adding at the end thereof the following new paragraph:

"(2) The report required in paragraph (1) shall include an analysis of the condition in urban areas commonly known as roving slums. Such analysis shall evaluate in particular—

"(A) the extent to which such condition is affected by—

"(i) a lack of coordination between housing assistance programs administered by the Secretary and shelter allowances provided to families receiving public assistance payments under programs administered by the Secretary of Health and Human Services; and

"(ii) the manner in which such housing assistance and shelter allowances are provided; and

"(B) possible approaches to eliminating or reducing such condition through improved coordination between the programs referred to in subparagraph (A)(i).".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 225(i) of the Housing and Urban-Rural Recovery Act of 1983 is amended to read as follows:

"(i) There is authorized to be appropriated to carry out this section $10,000,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.".

SEC. 2153. FLEXIBLE SUBSIDY ASSISTANCE FOR CERTAIN HOUSING PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.

(a) PURPOSES.—Section 201(a) of the Housing and Community Development Amendments of 1978 is amended by inserting "the Housing Act of 1959," after "1937,".

(b) ELIGIBILITY FOR ASSISTANCE.—Section 201(c)(1)(A) of the Housing and Community Development Amendments of 1978 is amended by inserting before the semicolon at the end thereof the following: ", or received a loan under section 202 of the Housing Act of 1959 before October 1, 1970".

SEC. 2154. HOUSING ASSISTANCE TECHNICAL AMENDMENTS.

(a) RENTAL HOUSING FOR LOWER INCOME FAMILIES.—The last sentence of section 236(i)(1) of the National Housing Act is amended by striking out "(h)" and inserting in lieu thereof "(f)(4)".

(b) DEFINITION OF DISABILITY.—Section 3(b)(3)(A) of the United States Housing Act of 1937 is amended—

(1) by striking out "or" the first place it appears and inserting in lieu thereof a comma; and

(2) by striking out "or in section 102 of the Developmental Disabilities Services and Facilities Construction Amendments of 1970" and inserting in lieu thereof the following: ", has a developmental disability as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7))".

(c) LOWER INCOME HOUSING CONTRACT PROVISIONS.—The first sentence of section 6(a) of the United States Housing Act of 1937 is amended by inserting "The" before "Secretary".

(d) HOUSING DEVELOPMENT GRANTS.—Section 17(d)(7)(A) of the United States Housing Act of 1937 is amended by striking out "title" and inserting in lieu thereof "subsection".

(e) HOUSING FOR THE ELDERLY AND HANDICAPPED.—

(1) The third sentence of section 202(d)(4) of the Housing Act of 1959 is amended by striking out "is a developmentally disabled individual as defined in section 102(5) of the Developmental Disabilities Services and Facilities Construction Amendments of 1950" and inserting in lieu thereof the following: "has a developmental disability as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7))".

(2) Section 202(f) of the Housing Act of 1959 is amended by striking out "section 134" and inserting in lieu thereof "section 133".

(3) Section 202(l) of the Housing Act of 1959 is amended by striking out "difference" and inserting in lieu thereof "different".

(f) RENT SUPPLEMENTS.—Section 101(j)(1)(D) of the Housing and Urban Development Act of 1965 is amended by striking out "divided" and inserting in lieu thereof "dividend".

Subtitle B—Rural Housing

SEC. 2201. PROGRAM AUTHORIZATIONS.

(a) INSURANCE AND GUARANTEE AUTHORITY.—Section 513(a)(1) of the Housing Act of 1949 is amended to read as follows:

"(a)(1) The Secretary may, to the extent approved in appropriation Acts, insure and guarantee loans under this title during fiscal year 1986 in an aggregate amount not to exceed $2,266,000,000 as follows:

"(A) for insured or guaranteed loans under section 502 on behalf of borrowers receiving assistance under section 521(a)(1) or receiving guaranteed loans pursuant to section 502(f), $1,328,000,000;

"(B) for loans under section 504, $17,000,000;

"(C) for insured loans under section 514, $20,000,000;

"(D) for insured loans under section 515, $900,000,000; and

"(E) for site loans under section 524, $1,000,000.".

(b) AUTHORIZATION OF APPROPRIATIONS.—Section 513(b) of the Housing Act of 1949 is amended to read as follows:

"(b) There are authorized to be appropriated for fiscal year 1986, and to remain available until expended—

"(1) for grants under section 504, $20,000,000;

"(2) for purposes of section 509(c), $2,000,000;

"(3) such sums as may be necessary to meet payments on notes or other obligations issued by the Secretary under section 511 equal to—

"(A) the aggregate of the contributions made by the Secretary in the form of credits on principal due on loans made pursuant to section 503; and

"(B) the interest due on a similar sum represented by notes or other obligations issued by the Secretary;

"(4) for financial assistance under section 516, $15,000,000;

"(5) for grants under section 523(f), $15,000,000;

"(6) for grants under section 533, $20,000,000; and

"(7) such sums as may be necessary for the Secretary to administer the provisions of sections 235 and 236 of the National Housing Act and section 8 of the United States Housing Act of 1937.".

(c) RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(c) of the Housing Act of 1949 is amended to read as follows:

"(c) The Secretary, to the extent approved in appropriation Acts for fiscal year 1986, may enter into rental assistance payment contracts under section 521(a)(2)(A) aggregating $198,000,000. Such authority as is approved in appropriation Acts shall be used by the Secretary to renew rental assistance payment contracts that expire during such fiscal year and to make additional rental assistance payment contracts for existing or newly constructed dwelling units.".

(d) RENTAL HOUSING LOAN AUTHORITY.—Section 515(b)(4) of the Housing Act of 1949 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(e) MUTUAL AND SELF-HELP HOUSING GRANT AND LOAN AUTHORITY.—

(1) Section 523(f) of the Housing Act of 1949 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(2) Section 523(g) of the Housing Act of 1949 is amended by striking out "fiscal year 1985" and inserting in lieu thereof the following: "fiscal years 1985 and 1986, respectively".

SEC. 2202. INCOME LEVELS FOR FAMILY ELIGIBILITY.

(a) IN GENERAL.—Section 501(b)(4) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "Notwithstanding the preceding sentence, the maximum income levels established for purposes of this title for such families and persons in the Virgin Islands shall not be less than the highest such levels established for purposes of this title for such families and persons in American Samoa, Guam, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.".

(b) APPLICABILITY.—The amendment made by subsection (a) shall be applicable to any determination of eligibility for assistance under title V of the Housing Act of 1949 made on or after the date of the enactment of this Act.

SEC. 2203. PLANS FOR ALLOCATION OF FINANCIAL ASSISTANCE.

Section 501 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(h) Not later than 30 days after the allocation to any State office of any financial assistance available under this title, there shall be made available to the public in each State, county, and district office in such State a statement of the amount of such assistance that will be available for each program under this title within the area of jurisdiction of such office.".

SEC. 2204. RURAL HOUSING ESCROW ACCOUNTS.

(a) ESCROW PROCEDURES.—Section 501(e) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "The Secretary shall, not later than 60 days after the date of the enactment of the Housing Act of 1985, establish procedures under which borrowers under this title shall make periodic payments for the purpose of taxes, insurance, and such other necessary expenses as the Secretary determines to be appropriate.".

(b) PREPAYMENT OF TAXES AND OTHER EXPENSES.—Section 502(a)(1) of the Housing Act of 1949 is amended by striking out the last sentence and inserting in lieu thereof the following: "The borrower shall prepay to the Secretary as escrow agent, on terms and conditions prescribed by the Secretary, such taxes, insurance, and other expenses as are required in accordance with section 501(e).".

SEC. 2205. RURAL HOUSING GUARANTEED LOANS.

Section 502 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

"(f)(1) Of the total loans under this section for any fiscal year beginning after September 30, 1985, the following percentage shall be guaranteed loans in accordance with this section, section 517(d), and the last sentence of section 521(a)(1)(A):

"(A) for fiscal year 1986, 10 percent;

"(B) for fiscal year 1987, 20 percent; and

"(C) for fiscal year 1988 and each succeeding fiscal year, 30 percent.

"(2) Loans guaranteed pursuant to this subsection shall be made only to borrowers with moderate or above-moderate incomes that do not exceed 115 percent of the median income of the area, as determined by the Secretary with adjustments for smaller and larger families.".

SEC. 2206. STUDY OF PROCEDURES FOR APPEALS OF ADVERSE DECISIONS.

Not later than 180 days after the date of the enactment of this Act, the Secretary of Agriculture shall study, and submit to the Congress a report evaluating, the procedures established by the Secretary under section 510(g) of the Housing Act of 1949. Such study and report shall include (1) an analysis of the advantages of providing that any appeal of an adverse decision shall be heard by an impartial person disinterested in the result of such appeal; and (2) any additional recommendations of the Secretary for improving such procedures.

SEC. 2207. USE OF FEE INSPECTORS AND APPRAISERS.

(a) IN GENERAL.—Section 510(j) of the Housing Act of 1949 is amended by inserting after "grant applications" the following: "(as determined by the Secretary under section 532(c))".

(b) DETERMINATION OF SECRETARY.—Section 532 of the Housing Act of 1949 is

amended by adding at the end thereof the following new subsection:

"(c)(1) Each county or district office shall immediately notify the Secretary in any case in which such office is unable to process any loan or grant application before the expiration of the 30-day period following the receipt of such application. Such notification shall include a statement of the reason for such delay in application processing.

"(2) Upon the receipt of any notification under paragraph (1), the Secretary shall determine whether the delay in application processing by the county or district office involved is likely to continue without the use of the services of fee inspectors and fee appraisers, as provided in section 510(j). If the Secretary determines that such delay is likely to continue without the use of such services, the Secretary shall require the use of such services by such office until such office is able to expeditiously process loan and grant applications without such services.".

SEC. 2208. LOANS FOR REHABILITATION OF RURAL RENTAL HOUSING.

Section 515(l) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall, not later than the expiration of the 90-day period following the date of the enactment of the Housing Act of 1985, issue regulations to establish the standards required in paragraph (1).".

SEC. 2209. MANAGEMENT OF INSURED AND GUARANTEED LOANS.

(a) SALE OF INSURED AND GUARANTEED LOANS TO PUBLIC.—Section 517(c) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "Any loan made and sold by the Secretary under this section after the date of the enactment of the Housing Act of 1985 (and any loan made by other lenders under this title that is insured or guaranteed in accordance with this section, is purchased by the Secretary, and is sold by the Secretary under this section after such date) shall be sold to the public and may not be sold to the Federal Financing Bank, unless such sale to the Federal Financing Bank is required to service transactions under this title between the Secretary and the Federal Financing Bank occurring on or before such date.".

(b) INTEREST SUBSIDY ON INSURED AND GUARANTEED LOANS OFFERED FOR SALE TO PUBLIC.—Section 517(d) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each loan made by the Secretary or other lenders under this title that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by an agreement by the Secretary to pay to the holder of such loan (through an agreement to purchase such loan or through such other means as the Secretary determines to be appropriate) the difference between the rate of interest paid by the borrower of such loan and the market rate of interest (as determined by the Secretary) on obligations having comparable periods to maturity on the date of such sale.".

(c) PROTECTION OF BORROWERS UNDER LOANS SOLD TO PUBLIC.—Section 517(d) of the Housing Act of 1949, as amended by subsection (b) of this section, is amended by adding at the end thereof the following new paragraph:

"(3) Each loan made by the Secretary or other lenders under this title that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by agreements for the benefit of the borrower under the loan that provide that—

"(A) the purchaser or any assignee of the loan shall not diminish any substantive or procedural right of the borrower arising under this title;

"(B) upon any default of the borrower, the loan shall be assigned to the Secretary for the purpose of avoiding foreclosure; and

"(C) following any assignment under subparagraph (B) and before commencing any action to foreclose or otherwise dispossess the borrower, the Secretary shall afford the borrower all substantive and procedural rights arising under this title, including consideration for interest subsidy, moratorium, reamortization, refinancing, and appeal of any adverse decision to an impartial officer.".

(d) USE OF RURAL HOUSING INSURANCE FUND.—Section 517(j) of the Housing Act of 1949 is amended—

(1) by striking out "and" at the end of para-graph (4);

(2) by striking out the period at the end of paragraph (5) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(6) to make payments and take other actions in accordance with agreements entered into under paragraphs (2) and (3) of subsection (d).".

(e) ELIGIBILITY FOR GUARANTEED LOANS.—Section 517 of the Housing Act of 1949 is amended by striking out subsection (n).

(f) REGULATIONS.—Section 517(o) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Not later than the expiration of the 90-day period following the date of the enactment of the Housing Act of 1985, the Secretary shall issue regulations to facilitate the marketability in the secondary mortgage market of loans insured or guaranteed under this section. Such regulations shall ensure that such loans are competitive with other loans and mortgages insured or guaranteed by the Federal Government.".

SEC. 2210. DEFINITION OF RURAL AREA.

The last sentence of section 520 of the Housing Act of 1949 is amended by striking out "through" and inserting in lieu thereof the following: "until determined to no longer be such an area on the basis of data obtained in a decennial census conducted after".

SEC. 2211. RURAL HOUSING PRESERVATION GRANT PROGRAM.

Section 533(h) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) The Secretary shall, not later than the expiration of the 90-day period following the date of the enactment of the Housing Act of 1985, issue regulations to carry out the program of grants under subsection (a)(2).".

SEC. 2212. LIMITATION ON RESTRICTIONS ON TAX-EXEMPT FINANCING.

Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

"LIMITATION ON RESTRICTIONS ON TAX-EXEMPT FINANCING

"SEC. 536. In addition to the limitations established in section 817 of the Housing and Community Development Act of 1974, the Secretary may not issue any regulation or take any other action that may have the effect of prohibiting or preventing the issuance of tax-exempt bonds or other obligations to provide financing for use in connection with assistance provided under this title.".

SEC. 2213. TASK FORCE ON HOUSING NEEDS OF RURAL AMERICA.

(a) ESTABLISHMENT.—There hereby is established a task force to be known as the Task Force on Housing Needs in Rural America, which shall examine—

(1) the problems of supplying low and moderate income families in rural areas with adequate housing through existing Federal programs;

(2) the access to affordable credit for housing for low and moderate income families in rural areas;

(3) the availability of housing stock in rural areas suitable for rehabilitation;

(4) the feasibility of assisting low and moderate income families in rural areas with existing programs, new programs, or a combination of such programs; and

(5) the need for new construction and additional dwelling units for low and moderate income families in rural areas.

(b) MEMBERS.—

(1) The task force shall consist of not less than 8 members appointed by the Secretary of Agriculture as follows:

(A) 2 members appointed from persons who are officials of the Department of Agriculture;

(B) 2 members appointed from persons representative of for-profit and non-profit organizations and agencies engaged in housing development in rural areas;

(C) 2 members appointed from persons who reside in rural housing assisted under title V of the Housing Act of 1949; and

(D) 2 members appointed from persons who are representatives of units of general local government in rural areas.

(2) Each member of the task force shall serve without pay, allowances, or benefits by reason of such service. Each such member shall be reimbursed for actual expenses, including travel expenses, incurred in the course of performing the duties vested in the task force.

(c) MEETINGS.—The task force shall meet as necessary to carry out the purposes of this section, at the call of the Secretary.

(d) STAFF AND OFFICES.—The Secretary shall provide the task force with such staff and office facilities as the Secretary, following consultation with the task force, considers necessary to permit the task force to carry out its functions under this section.

(e) REPORT.—Not later than the expiration of the 1-year period following the date of the enactment of this Act, the task force shall submit to the Secretary and the Congress a report setting forth its findings as a result of its study under subsection (a). Such report shall include any recommendations of the task force for actions to resolve the problems identified in such study. The

task force shall cease to exist after filing such report.

(f) DEFINITIONS.—For purposes of this section:

(1) The term "rural area" has the meaning given such term in section 520 of the Housing Act of 1949.

(2) The term "Secretary" means the Secretary of Agriculture.

(3) The term "task force" means the Task Force on Housing Needs in Rural America established in subsection (a).

SEC. 2214. RURAL HOUSING TECHNICAL AMENDMENTS.

(a) DEFINITIONS.—Section 501(b)(3) of the Housing Act of 1949 is amended by striking out "is a developmentally disabled individual as defined in section 102(7) of the Development Disabilities Services and Facilities Construction Act" and inserting in lieu thereof the following: "has a developmental disability as defined in section 102(7) of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6001(7))".

(b) FARM LABOR HOUSING.—Section 514(f)(1) of the Housing Act of 1949 is amended by striking out "and" at the end thereof.

(c) HOUSING FOR ELDERLY FAMILIES.—Section 515(o)(1) of the Housing Act of 1949 is amended by striking out "effective".

(d) LOANS TO LOW- AND MODERATE-INCOME FAMILIES.—Section 521(a)(1)(A) of the Housing Act of 1949 is amended by striking out ", except" and all that follows through "charges".

(e) HOUSING FOR RURAL TRAINEES.—Section 522(a) of the Housing Act of 1949 is amended by striking out the comma after "Health".

(f) CONDOMINIUM HOUSING.—

(1) Section 526(a) of the Housing Act of 1949 is amended by striking out "and" the first place it appears.

(2) Section 526(c) of the Housing Act of 1949 is amended by striking out "and" the first place it appears.

(g) HOUSING PRESERVATION GRANTS.—

(1) Section 533(e)(1)(B)(iii) of the Housing Act of 1949 is amended by inserting "to" before "refuse".

(2) Section 533(g) of the Housing Act of 1949 is amended by striking out "persons of low income and very low-income" and inserting in lieu thereof "low income families or persons and very low-income families or persons".

Subtitle C—Program Amendments and Extensions

PART 1—FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

SEC. 2301. EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS.

(a) TITLE I INSURANCE.—Section 2(a) of the National Housing Act is amended by striking out "October 1, 1985" in the first sentence and inserting in lieu thereof "October 1, 1986".

(b) GENERAL INSURANCE.—Section 217 of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(c) LOW AND MODERATE INCOME HOUSING INSURANCE.—Section 221(f) of the National Housing Act is amended by striking out "September 30, 1985" in the fifth sentence and inserting in lieu thereof "September 30, 1986".

(d) CO-INSURANCE.—

(1) Section 244(d) of the National Housing Act is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(2) Section 244(h) of the National Housing Act is amended by striking out "October 1, 1985" in the last sentence and inserting in lieu thereof "October 1, 1986".

(e) GRADUATED PAYMENT AND INDEXED MORTGAGE INSURANCE.—Section 245(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(f) ARMED SERVICES HOUSING INSURANCE.—

(1) Section 809(f) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(2) Section 810(k) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(g) LAND DEVELOPMENT INSURANCE.—Section 1002(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

(h) GROUP PRACTICE FACILITIES INSURANCE.—Section 1101(a) of the National Housing Act is amended by striking out "September 30, 1985" in the last sentence and inserting in lieu thereof "September 30, 1986".

SEC. 2302. AMOUNT TO BE INSURED UNDER NATIONAL HOUSING ACT.

Section 531 of the National Housing Act is amended by striking out "and 1985" and inserting in lieu thereof the following: ", 1985, and 1986".

SEC. 2303. NEGOTIATED INTEREST RATES ON MORTGAGES INSURED BY FEDERAL HOUSING ADMINISTRATION.

(a) NURSING HOME FIRE SAFETY EQUIPMENT INSURANCE.—Section 232(i)(2)(B) of the National Housing Act is amended to read as follows:

"(B) bear interest at such rate as may be agreed upon by the mortgagor and the mortgagee;".

(b) ARMED SERVICES HOUSING INSURANCE.—The first sentence of section 810(h) of the National Housing Act is amended—

(1) by striking out "(exclusive of" and all that follows through "207" and inserting in lieu thereof the following: "at such rate as may be agreed upon by the mortgagor and the mortgagee"; and

(2) by striking out before the period at the end thereof the following: ", and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203".

SEC. 2304. STUDY OF VOLUNTARY STANDARDS FOR MODULAR HOMES.

(a) IN GENERAL.—In order to facilitate the construction of less costly housing, the Secretary of Housing and Urban Development shall prepare and submit to the Congress not later than 6 months after the date of the enactment of this Act a report describing feasible alternative systems for implementing a voluntary preemptive national code for modular housing, including the method for inspecting the structures to ensure compliance with the recommended code. Such code shall provide for the development of modular housing standards for construction, design, and performance that ensure quality, durability, and safety and are in accordance with life-cycle cost-effective energy conservation standards established by the Secretary of Housing and Urban Development and designed to ensure the lowest total construction and operating costs over the estimated life of such housing.

(b) DEFINITION.—For purposes of this section, the term "modular housing" means factory-built single-family housing not subject to the requirements of the National Manufactured Housing Construction and Safety Standards Act of 1974.

SEC. 2305. LIMITATION ON CERTAIN PREMIUM CHARGES.

Section 530 of the National Housing Act is amended—

(1) by inserting "(a)" after the section designation; and

(2) by adding at the end thereof the following new subsection:

"(b) Notwithstanding any other provisions of this Act, no loan or mortgage insurance premium charge pursuant to subsection (a)(1) may exceed 3.8 percent of the principal obligation of the loan or mortgage involved.".

SEC. 2306. MORTGAGES ON HAWAIIAN HOME LANDS AND INDIAN LANDS TO BE OBLIGATIONS OF GENERAL INSURANCE FUND.

(a) MORTGAGES ON HAWAIIAN HOME LANDS.—Section 247 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of this Act, the insurance of a mortgage using the authority contained in this section shall be the obligation of the General Insurance Fund created pursuant to section 519 of this Act. The mortgagee shall be eligible to receive the benefits of insurance as provided in section 204 of this Act with respect to mortgages insured pursuant to this section, except that all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and all references in section 204 to section 203 shall be construed to refer to the section under which the mortgage is insured.".

(b) MORTGAGES ON INDIAN RESERVATIONS.—Section 248 of the National Housing Act is amended—

(1) by redesignating subsections (f), (g), and (h) as subsections (g), (h), and (i), respectively;

(2) by inserting after subsection (e) the following new subsection:

"(f) Notwithstanding any other provision of this Act, the insurance of a mortgage using the authority contained in this section shall be the obligation of the General Insurance Fund created pursuant to section 519 of this Act. The mortgagee shall be eligible to receive the benefits of insurance as provided in section 204 of this Act with respect to mortgages insured pursuant to this section, except that all references in section 204 to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the General Insurance Fund, and all references in section 204 to section 203 shall be construed to refer to the section under which the mortgage is insured."; and

(3) in the last sentence of subsection (g)(3) and the first sentence of subsection (g)(5), as so redesignated by paragraph (1), by striking out "insurance fund" each place it appears and inserting in lieu thereof "General Insurance Fund".

SEC. 2307. REPEAL OF REQUIREMENT TO PUBLISH PROTOTYPE HOUSING COSTS FOR 1- TO 4-FAMILY DWELLING UNITS.

The Housing and Community Development Act of 1977 is amended by striking out section 904.

SEC. 2308. AUTHORITY FOR INCREASED MORTGAGE LIMITS FOR MULTIFAMILY PROJECTS IN HIGH-COST AREAS.

Section 207(c)(3), the second proviso of section 213(b)(2), the first proviso of section 220(d)(3)(B)(iii), section 221(d)(3)(ii), section 221(d)(4)(ii), section 231(c)(2) and sec-

tion 234(e)(3) of the National Housing Act are each amended by striking out "not to exceed 75 per centum" and all that follows through "involved) in such an area" and inserting in lieu thereof the following: "not to exceed 110 percent in any geographical area where the Secretary finds that cost levels so require and by not to exceed 140 percent where the Secretary determines it necessary on a project-by-project basis, but in no case may any such increase exceed 90 percent where the Secretary determines that a mortgage purchased or to be purchased by the Government National Mortgage Association in implementing its special assistance functions under section 305 of this Act (as such section existed immediately before November 30, 1983) is involved".

SEC. 2309. PERMISSIBLE ANNUAL INTEREST RATE ADJUSTMENT FOR ADJUSTABLE RATE MORTGAGES.

The last sentence of section 251(a) of the National Housing Act is amended by striking out "1 percent" and inserting in lieu thereof "2 percent".

SEC. 2310. DOUBLE DAMAGES REMEDY FOR UNAUTHORIZED USE OF MULTIFAMILY HOUSING PROJECT ASSETS AND INCOME.

(a) ACTION TO RECOVER ASSETS OR INCOME.—

(1) The Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary") may request the Attorney General to bring an action in a United States district court to recover any assets or income used by any person in violation of (A) a regulatory agreement that applies to a multifamily project whose mortgage is insured or held by the Secretary under title II of the National Housing Act; or (B) any applicable regulation. For purposes of this section, a use of assets or income in violation of the regulatory agreement or any applicable regulation shall include any use for which the documentation in the books and accounts does not establish that the use was made for a reasonable operating expense or necessary repair of the project and has not been maintained in accordance with the requirements of the Secretary and in reasonable condition for proper audit.

(2) For purposes of a mortgage insured or held by the Secretary under title II of the National Housing Act, the term "any person" shall mean any person or entity which owns a project, as identified in the regulatory agreement, including but not limited to any stockholder holding 25 percent or more interest of a corporation that owns the project; any beneficial owner under any business or trust; any officer, director, or partner of an entity owning the project; and any heir, assignee, successor in interest, or agent of any owner.

(b) INITIATION OF PROCEEDINGS AND TEMPORARY RELIEF.—The Attorney General, upon request of the Secretary, shall have the exclusive authority to authorize the initiation of proceedings under this section. Pending final resolution of any action under this section, the court may grant appropriate temporary or preliminary relief, including restraining orders, injunctions, and acceptance of satisfactory performance bonds, to protect the interests of the Secretary and to prevent use of assets or income in violation of the regulatory agreement and any applicable regulation and to prevent loss of value of the realty and personalty involved.

(c) AMOUNT RECOVERABLE.—In any judgment favorable to the United States entered under this section, the Attorney General may recover double the value of the assets and income of the project that the court determines to have been used in violation of the regulatory agreement or any applicable regulation, plus all costs relating to the action, including but not limited to reasonable attorney and auditing fees. Notwithstanding any other provision of law, the Secretary may apply the recovery, or any portion of the recovery, to the project or to the applicable insurance fund under the National Housing Act.

(d) TIME LIMITATION.—Notwithstanding any other statute of limitations, the Secretary may request the Attorney General to bring an action under this section at any time up to and including 6 years after the latest date that the Secretary discovers any use of project assets and income in violation of the regulatory agreement or any applicable regulation.

(e) CONTINUED AVAILABILITY OF OTHER REMEDIES.—The remedy provided by this section is in addition to any other remedies available to the Secretary or the United States.

SEC. 2311. ADMINISTRATIVE IMPROVEMENTS IN SINGLE-FAMILY MORTGAGE INSURANCE PROGRAM.

The National Housing Act is amended by inserting after section 532 the following new section:

"ADMINISTRATIVE IMPROVEMENTS IN MORTGAGE INSURANCE PROGRAM

"SEC. 533. (a) ANNUAL REPORT.—The Secretary shall annually prepare and submit to the Congress a comprehensive report regarding the non-subsidized single-family mortgage insurance programs carried out by the Secretary under title II in metropolitan cities and urban counties. Each such report shall describe the types of dwellings insured, the individual income eligibility, the delinquency in foreclosure rates, the condition of the dwellings, and the status of the homeowners (including whether such homeowners are first-time homeowners or single-parent families). Each such report shall be made available to the public in all regional and local offices of the Secretary.

"(b) SPECIAL OVERSIGHT.—The Secretary shall establish procedures to analyze in detail and conduct scrutinized oversight of the single-family mortgage insurance operations of the Department of Housing and Urban Development under title II, with specific attention to Milwaukee, Camden, and other cities having recent single-family mortgage foreclosure difficulties.

"(c) FEE APPRAISAL STANDARDS.—The Secretary shall review the fee appraisal standards used under title II with respect to single-family dwellings, and shall develop a higher standard of appraisal with respect to such dwellings for fee appraisers in predominately low and moderate income neighborhoods.

"(d) FEE APPRAISERS.—The Secretary may not use the services of fee appraisers who are not employees of the Federal Housing Administration for purposes of appraising single-family dwellings subject to mortgages insured under title II and located in any metropolitan city or urban county.

"(e) COORDINATION OF ACTIVITIES WITH PUBLIC HOUSING AGENCIES AND COMMUNITY GROUPS.—The Secretary shall require each regional and local office of the Department of Housing and Urban Development to provide on a priority basis, to public housing agencies and community advocacy groups located within the area of its jurisdiction, adequate and timely information regarding the single-family mortgage insurance activities of such office under title II.

"(f) PUBLICIZING OF AVAILABILITY OF MORTGAGE INSURANCE.—The Secretary shall take such actions as may be necessary, including improved marketing and advertising practices, to publicize the availability of single-family mortgage insurance under title II.".

SEC. 2312. REFINANCING MORTGAGE INSURANCE FOR HOSPITALS, NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES.

(a) STATE CERTIFICATION REQUIREMENT.—Section 223(f)(4)(D) of the National Housing Act is amended to read as follows:

"(D) such existing hospital has received such certification from the State in which the hospital is located as is comparable to the certification required for hospitals under section 242.".

(b) REFINANCING INSURANCE FOR NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES.—Section 223(f) of the National Housing Act, as amended by subsection (a), is amended—

(1) in paragraph (1), by inserting after "existing hospital" the following: ", existing nursing home, existing intermediate care facility, or existing board and care home"; and

(2) in paragraph (4)—

(A) by inserting after "existing hospital" each place it appears the following: ", existing nursing home, existing intermediate care facility, or existing board and care home";

(B) by inserting after "the hospital" the following: ", nursing home, intermediate care facility, or board and care home"; and

(C) by inserting after "section 242" the following: "or for nursing homes, intermediate care facilities, or board and care homes insured under section 232, as the case may be".

(c) REGULATIONS.—The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendments made by this section by not later than the expiration of the 90-day period following the date of the enactment of this Act.

SEC. 2313. MORTGAGE INSURANCE FOR NURSING HOMES, INTERMEDIATE CARE FACILITIES, AND BOARD AND CARE HOMES.

(a) INSURANCE FOR PUBLIC NURSING HOMES.—Section 232(b)(1) of the National Housing Act is amended by inserting "public facility," before "proprietary".

(b) REQUIREMENT OF STATE APPROVAL.—Section 232(d)(4)(A) of the National Housing Act is amended by striking out "(i)" and all that follows through "(ii)" and inserting in lieu thereof the following: "(i) the facility has received such approval as the State in which the facility is located requires for the facility, and (ii)".

(c) REGULATIONS.—The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendments made by this section by not later than the expiration of the 90-day period following the date of the enactment of this Act.

SEC. 2314. REQUIREMENT OF STATE APPROVAL FOR MORTGAGE INSURANCE FOR HOSPITALS.

(a) IN GENERAL.—Section 242(d)(4) of the National Housing Act is amended by striking out "(A)" and all that follows through "(B)" and inserting in lieu thereof the following: "(A) the facility has received such approval as the State in which the facility is located requires for the facility, and (B)".

(b) REGULATIONS.—The Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendment made by this section by not

later than the expiration of the 90-day period following the date of the enactment of this Act.

SEC. 2315. MORTGAGE INSURANCE TECHNICAL AMENDMENTS.

(a) ADMINISTRATIVE PROVISIONS.—The second sentence of section 1 of the National Housing Act is amended by striking out the last comma.

(b) APPLICABILITY.—Section 9 of the National Housing Act is amended by inserting the following section heading:

"APPLICABILITY"

(c) CO-INSURANCE.—Section 244(h) of the National Housing Act is amended by striking out "coinsurance" each place it appears and inserting in lieu thereof "co-insurance".

(d) INSURANCE ON HAWAIIAN HOME LANDS.—Section 247(a)(2) of the National Housing Act is amended by striking out "Mortgagor" and inserting in lieu thereof "mortgagor".

PART 2—FLOOD AND CRIME INSURANCE PROGRAMS

SEC. 2321. FLOOD INSURANCE.

(a) GENERAL AUTHORITY.—Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(b) EMERGENCY IMPLEMENTATION.—Section 1336(a) of the National Flood Insurance Act of 1968 is amended by striking out "September 30, 1985" and inserting in lieu thereof "September 30, 1986".

(c) AUTHORIZATION OF APPROPRIATIONS FOR STUDIES.—Section 1376(c) of the National Flood Insurance Act of 1968 is amended to read as follows:

"(c) There are authorized to be appropriated for studies under this title $36,902,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.".

(d) FLOOD INSURANCE PREMIUMS.—The premium rates charges for flood insurance under any program established pursuant to the National Flood Insurance Act of 1968 may not be increased during the period beginning on the date of the enactment of this Act and ending on September 30, 1986.

(e) PREMIUM RATES FOR COMMUNITY MAKING ADEQUATE PROGRESS.—For purposes of the determination of premium rates under the National Flood Insurance Act of 1968, the flood protection system in Winfield, in the State of Kansas, shall be considered to comply with the requirements and conditions of section 1307(e) of such Act.

SEC. 2322. CRIME INSURANCE.

(a) GENERAL AUTHORITY.—Section 1201(b)(1) of the National Housing Act is amended in the matter preceding subparagraph (A)—

(1) by striking out "parts A, C, and D" and inserting in lieu thereof "part A"; and

(2) by inserting after "1985," the following: "and parts C and D shall terminate on September 30, 1986,".

(b) CONTINUATION OF EXISTING CONTRACTS.—Section 1201(b)(1)(A) of the National Housing Act is amended by striking out "September 30, 1986" and inserting in lieu thereof "September 30, 1987".

(c) CRIME INSURANCE PREMIUMS.—The premium rates charged for crime insurance under any program established pursuant to part C of title XII of the National Housing Act may not be increased during the period beginning on the date of the enactment of this Act and ending on September 30, 1986.

SEC. 2323. FLOOD AND CRIME INSURANCE TECHNICAL AMENDMENTS.

(a) CRIME INSURANCE PROGRAM AUTHORITY.—Section 1201(b) of the National Housing Act is amended—

(1) by striking out paragraphs (2) and (3);

(2) by striking out "(b)(1)" and inserting in lieu thereof "(b)"; and

(3) by redesignating subparagraphs (A) through (C) as paragraphs (1) through (3), respectively.

(b) REINSURANCE AGREEMENTS.—Section 1222(c) of the National Housing Act is amended by striking out "section 3679(a) of the Revised Statutes of the United States (31 U.S.C. 665(a))," and inserting in lieu thereof "section 1341(a) of title 31, United States Code,".

(c) NATIONAL INSURANCE DEVELOPMENT FUND.—Section 1243(d) of the National Housing Act is amended by striking out "by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849))" and inserting in lieu thereof "by sections 9103 and 9104 of title 31, United States Code,".

(d) NATIONAL FLOOD INSURANCE FUND.—Section 1310(e) of the National Flood Insurance Act of 1968 is amended by inserting a comma after "Code".

(e) FEMA TREASURY BORROWINGS.—The third sentence of section 15(e) of the Federal Flood Insurance Act of 1956 is amended by inserting a comma after "Code".

PART 3—SECONDARY MORTGAGE MARKET PROGRAMS

SEC. 2341. GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE-BACKED SECURITIES PROGRAM.

Section 306(g)(2) of the Federal National Mortgage Association Charter Act is amended by striking out "and 1985" and inserting in lieu thereof the following: ", 1985, and 1986".

SEC. 2342. PROHIBITION OF CERTAIN FEES.

(a) FEDERAL NATIONAL MORTGAGE ASSOCIATION.—Section 304 of the Federal National Mortgage Association Charter Act is amended by adding at the end thereof the following new subsection:

"(f) Except for fees paid pursuant to section 309(g), no fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to the purchase, acquisition, sale, pledge, issuance, guarantee, or redemption of any mortgage, asset, obligation, trust certificate of beneficial interest, or other security by the corporation. No provision of this subsection shall affect the purchase of any obligation by the Secretary of the Treasury pursuant to subsection (c).".

(b) GOVERNMENT NATIONAL MORTGAGE ASSOCIATION.—Section 306(g) of Federal National Mortgage Association Charter Act is amended by adding at the end thereof the following new paragraph:

"(3) No fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to any guarantee under this subsection, unless such fee or charge is not more than the applicable percentage amount in effect on June 1, 1985.".

(c) FEDERAL HOME LOAN MORTGAGE CORPORATION.—Section 306 of the Federal Home Loan Mortgage Corporation Act is amended by adding at the end thereof the following new subsection:

"(i) Except for fees paid pursuant to section 303(c), no fee or charge may be assessed or collected by the United States (including any executive department, agency, or independent establishment of the United States) on or with regard to the purchase, acquisition, sale, pledge, issuance, guarantee, or redemption of any mortgage, asset, obligation, or other security by the Corporation.".

SEC. 2343. SECONDARY MORTGAGE MARKET TECHNICAL AMENDMENTS.

Section 482 of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "such Act" and inserting in lieu thereof "the National Housing Act".

PART 4—REGULATORY AND OTHER PROGRAMS

SEC. 2361. SOLAR ENERGY AND ENERGY CONSERVATION BANK.

Section 522(a) of the Solar Energy and Energy Conservation Bank Act is amended by inserting before the period at the end thereof the following: "and $15,000,000 for fiscal year 1986".

SEC. 2362. COUNSELING.

Section 106(a)(3) of the Housing and Urban Development Act of 1968 is amended by inserting before the period in the first sentence the following: ", and for fiscal year 1986 there is authorized to be appropriated not to exceed $4,000,000 for such purposes".

SEC. 2363. HOME MORTGAGE DISCLOSURE.

(a) APPLICABILITY TO MORTGAGE BANKING AFFILIATES.—

(1) Section 303(2) of the Home Mortgage Disclosure Act of 1975 is amended—

(A) by striking out "or" the first place it appears; and

(B) by inserting before the semicolon at the end thereof the following: ", mortgage banking subsidiary of a bank holding company or savings and loan holding company, or savings and loan service corporation that originates or purchases mortgage loans".

(2) Section 304 of the Home Mortgage Disclosure Act of 1975 is amended by adding at the end thereof the following new subsection:

"(g) The requirements of subsections (a) and (b) shall not apply with respect to mortgage loans that are—

"(1) made by any mortgage banking subsidiary of a bank holding company or savings and loan holding company or by any savings and loan service corporation that originates or purchases mortgage loans; and

"(2) approved by the Secretary for insurance under title I or II of the National Housing Act.".

(3) The first sentence of section 311 of the Home Mortgage Disclosure Act of 1975 is amended by inserting after "306(b)" the following: "(and for each mortgagee making mortgage loans exempted under section 304(g))".

(4) The amendments made by this subsection shall be applicable to calendar years beginning after December 31, 1985.

(b) RECORDS ON MORTGAGE LOANS SECURED BY PROPERTY OUTSIDE METROPOLITAN STATISTICAL AREAS.—Section 304(a)(2)(B) of the Home Mortgage Disclosure Act of 1975 is amended by inserting ", by State," after "paragraph (1)".

(c) AVAILABILITY OF DISCLOSURE STATEMENTS.—Section 304(f) of the Home Mortgage Disclosure Act of 1975 is amended by adding at the end thereof the following new sentence: "Disclosure statements shall be made available to the public at such central depository of data not later than June 1 of the year following the calendar year on which the statements are based.".

(d) EXTENSION OF GENERAL AUTHORITY.—The Home Mortgage Disclosure Act of 1975 is amended by striking out section 312.

(e) STUDY OF DATA COLLECTION REQUIREMENTS.—

(1) The Federal Financial Institutions Examination Council shall conduct a study to assess the following:

(A) the estimated cost incurred by depository institutions for the preparation and dissemination of disclosure reports pursuant to the requirements of the Home Mortgage Disclosure Act of 1975, based upon the results an independent analysis of the actual costs incurred by a representative sample of such institutions located in at least 3 and not more than 6 metropolitan statistical areas;

(B) the estimated usage of the data available to the public pursuant to the Home Mortgage Disclosure Act of 1975, based upon the results of a survey of both direct and indirect usage of such data over a 12-month period following the date of the enactment of this Act; and

(C) the obstacles to the usage by the public of the data made available pursuant to the Home Mortgage Disclosure Act of 1975 and recommendations for action to be taken by the Federal financial institutions regulatory agencies to increase public awareness about the availability of such data.

(2) The Council shall submit a report on the results of such a study to the Congress not later than 36 months following the date of the enactment of this Act.

SEC. 2364. RESEARCH AUTHORIZATION.

The second sentence of section 501 of the Housing and Urban Development Act of 1970 is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and $17,000,000 for fiscal year 1986".

SEC. 2365. TIMELY PAYMENT OF SUBCONTRACTORS.

It is the policy of the United States that each prime contractor of the Department of Housing and Urban Development should establish procedures to ensure the timely payment of amounts due pursuant to the terms of the subcontracts of such prime contractor.

SEC. 2366. MEDIAN AREA INCOME.

For purposes of calculating the median income for any area that is not within a metropolitan statistical area (as established by the Office of Management and Budget) for programs under title I of the Housing and Community Development Act of 1974, the United States Housing Act of 1937, the National Housing Act, or title V of the Housing Act of 1949, the Secretary of Housing and Urban Development or the Secretary of Agriculture (as appropriate) shall use whichever of the following is higher:

(1) the median income of the county in which the area is located; or

(2) the median income of the entire nonmetropolitan area of the State.

SEC. 2367. MANUFACTURED HOUSING CONSTRUCTION AND SAFETY STANDARDS.

Not later than the expiration of the 6-month period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall submit to the Congress a detailed report describing the fees collected by the Secretary during the 4-year period preceding the date of the enactment of this Act in connection with inspection of manufactured homes under section 614 of the National Manufactured Housing Construction and Safety Standards Act of 1974. Such report shall include the amount of such fees collected, the allocation of expenses, the costs of the program, and any available reserves.

SEC. 2368. REMOVAL OF MAXIMUM FEE FOR INTERSTATE LAND SALES REGISTRATION.

Section 1405(b) of the Interstate Land Sales Full Disclosure Act is amended by striking out "a fee, not in excess of $1,000" and inserting in lieu thereof "a reasonable fee".

SEC. 2369. PREVENTING FRAUD AND ABUSE IN DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PROGRAMS.

(a) DISCLOSURE OF SOCIAL SECURITY ACCOUNT NUMBER.—As a condition of initial or continuing eligibility for participation in any program of the Department of Housing and Urban Development involving loans, grants, interest or rental assistance of any kind, or mortgage or loan insurance, and to ensure that the level of benefits provided under such programs is proper, the Secretary may require that an applicant or participant (including members of the household of an applicant or participant) disclose his or her social security account number or employer identification number to the Secretary.

(b) VERIFICATION OF INFORMATION.—As a condition of initial or continuing eligibility for participation in any program of the Department of Housing and Urban Development involving initial and periodic review of the income of an applicant or participant, and to ensure that the level of benefits provided under such programs is proper, the Secretary may require that an applicant or participant (including members of the household of an applicant or participant) sign a consent form approved by the Secretary authorizing (1) the Secretary, or the public housing agency or owner responsible for determining eligibility or level of benefits, to verify the information furnished by the applicant or participant, and (2) any Federal, State, or local agency or private person or entity to release information related to the determination of eligibility and benefit level. The information may include, but is not limited to, data concerning wages (not including return information as defined in section 6103(b)(2) of title 26, United States Code), unemployment compensation, benefits made available under the Social Security Act, and veterans benefits under title 38, United States Code. Any individually identifiable information received by the Secretary under this section shall be subject to the requirements of section 552a of title 5, United States Code. An applicant or participant shall have the right to obtain, examine, and correct any information that the Secretary, public housing agency, or owner responsible for determining eligibility or level of benefits has received under this section before the Secretary, public housing agency, or owner takes any action on the basis of such information, unless a criminal investigation is pending. An applicant or participant shall also have the right to file a statement disputing or augmenting any such information and to have such statement included in any records of such information.

(c) DEFINITIONS.—For purposes of this section:

(1) The terms "applicant" and "participant" shall have such meanings as the Secretary by regulation shall prescribe. Such terms shall not include persons whose involvement is only in their official capacity, such as State or local government officials or officers of lending institutions.

(2) The term "public housing agency" means any agency described in section 3(b)(6) of the United States Housing Act of 1937.

(3) The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 2370. FAIR HOUSING INITIATIVES PROGRAM.

(a) IN GENERAL.—The Secretary of Housing and Urban Development (hereafter referred to in this section as the "Secretary") may make grants to, or enter into contracts or cooperative agreements with, State or local governments or their agencies, public or private nonprofit organizations or institutions, or other public or private entities that are formulating or carrying out programs to prevent or eliminate discriminatory housing practices, to develop, implement, carry out, or coordinate—

(1) programs or activities designed to obtain enforcement of the rights granted by title VIII of the Act of April 11, 1968 (commonly referred to as the Civil Rights Act of 1968), or by State or local laws that provide rights and remedies for alleged discriminatory housing practices that are substantially equivalent to the rights and remedies provided in such title VIII, through such appropriate judicial or administrative proceedings (including informal methods of conference, conciliation, and persuasion) as are available therefor; and

(2) education and outreach programs designed to inform the public concerning rights and obligations under the laws referred to in paragraph (1).

(b) PROGRAM ADMINISTRATION.—

(1) Not less than 30 days before providing a grant or entering into any contract or cooperative agreement to carry out activities authorized by this section, the Secretary shall submit notification of such proposed grant, contract, or cooperative agreement (including a description of the geographical distribution of such contracts) to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

(2) The Secretary shall provide to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives a quarterly report that summarizes the activities funded under this section and describes the geographical distribution of grants, contracts, or cooperative agreements funded under this section.

(c) REGULATIONS.—

(1) The Secretary shall issue such regulations as may be necessary to carry out the provisions of this section.

(2) Such regulations shall include provisions governing applications for assistance under this section, and shall require each such application to contain—

(A) a description of the assisted activities proposed to be undertaken by the applicant, together with the estimated costs and schedule for completion of such activities;

(B) a description of the experience of the applicant in formulating or carrying out programs to prevent or eliminate discriminatory housing practices;

(C) available information, including studies made by or available to the applicant, indicating the nature and extent of discriminatory housing practices occurring in the general location where the applicant proposes to conduct its assisted activities, and the relationship of such activities to such practices;

(D) an estimate of such other public or private resources as may be available to assist the proposed activities;

(E) a description of proposed procedures to be used by the applicant for monitoring conduct and evaluating results of the proposed activities; and

(F) any additional information required by the Secretary.

(3) Regulations issued under this subsection shall not become effective prior to the expiration of 90 days after the Secretary transmits such regulations, in the form such regulations are intended to be published, to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives.

(4) The Secretary shall not obligate or expend any amount under this section before the effective date of the regulations required under this subsection.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out the provisions of this section, including any program evaluations, $10,000,000 for fiscal year 1986. Any amounts appropriated under this section shall remain available until expended.

SEC. 2371. LEAD-BASED PAINT POISONING PREVENTION.

(a) LEAD-BASED PAINT POISONING PREVENTION PROCEDURES.—Section 302 of the Lead-Based Paint Poisoning Prevention Act is amended—

(1) in clause (1) of the second sentence, by inserting after "exposed" the following: ", including intact lead-based paint on the interior and exterior surfaces of such housing";

(2) by striking out the third sentence;

(3) by inserting "(a)" after the section designation; and

(4) by adding at the end thereof the following new subsections:

"(b) The Secretary shall make a periodic determination of whether housing constructed during or after 1950 presents hazards of lead-based paint. The Secretary shall apply the procedures established under this section to housing constructed during or after 1950 if such housing presents immediate hazards of lead-based paint.

"(c) The Secretary shall take such actions as may be necessary to ensure that each public housing agency owning or operating housing assisted under the United States Housing Act of 1937 complies with the procedures established by the Secretary under this section.".

(b) REGULATIONS.—Not later than the expiration of the 90-day period following the date of the enactment of this Act, the Secretary of Housing and Urban Development shall issue such regulations as may be necessary to carry out the amendments made by this section.

SEC. 2372. REGULATORY AND OTHER PROGRAMS TECHNICAL AMENDMENTS.

(a) HUD ADMINISTRATIVE PROVISIONS.—

(1) Section 502(a) of the Housing Act of 1948 is amended by striking out the fourth sentence.

(2) Section 502(b) of the Housing Act of 1948 is amended—

(A) by striking out "United States Housing Authority" each place it appears and inserting in lieu thereof "Secretary of Housing and Urban Development"; and

(B) by striking out "the Authority" each place it appears and inserting in lieu thereof "the Secretary of Housing and Urban Development".

(3) Section 502(c)(2) of the Housing Act of 1948 is amended by adding "and" at the end thereof.

(b) ANNUAL REPORT OF SECRETARY.—Section 802 of the Housing Act of 1954 is amended by inserting the following section heading:

"ANNUAL REPORT OF SECRETARY".

(c) ENERGY CONSERVATION IN NEW BUILDINGS.—Section 303(11) of the Energy Conservation Standards for New Buildings Act of 1976 is amended by striking out "Secretary of Housing and Urban Development" and inserting in lieu thereof "Secretary of Energy".

(d) WEATHERIZATION ASSISTANCE.—Section 412(9)(G) of the Energy Conservation in Existing Buildings Act of 1976 is amended by striking out the first comma after "determine".

(e) SOLAR ENERGY AND ENERGY CONSERVATION BANK.—Sections 506(f)(1), 509(b)(2)(E), 515(b)(1)(A)(iii), 515(b)(1)(B), 515(b)(1)(C)(ii), 515(b)(1)(D), and 515(b)(2) of the Solar Energy and Energy Conservation Bank Act are amended by striking out "38" and "44C" each place they appear and inserting in lieu thereof "23" and "38", respectively.

(f) NATIONAL INSTITUTE OF BUILDING SCIENCES.—Section 809(g)(4) of the Housing and Community Development Act of 1974 is amended by striking out "and its" and inserting in lieu thereof "of its".

PART 5—COMMUNITY AND NEIGHBORHOOD DEVELOPMENT AND CONSERVATION PROGRAMS

SEC. 2381. COMMUNITY DEVELOPMENT BLOCK GRANT METROPOLITAN CITY AND URBAN COUNTY CLASSIFICATIONS.

(a) CENTRAL CITIES.—Section 102(a)(4) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new sentence: "Any city classified as a metropolitan city under clause (A) of the first sentence for purposes of assistance under any section of this title shall retain such classification until such city is determined to no longer qualify as a metropolitan city on the basis of data obtained in a decennial census conducted after the end of fiscal year 1985.".

(b) OTHER CITIES.—Section 102(a)(4) of the Housing and Community Development Act of 1974, as amended by subsection (a), is amended by adding at the end thereof the following new sentence: "Any city classified as a metropolitan city under clause (B) of the first sentence for purposes of assistance under any section of this title shall retain such classification notwithstanding a decrease in population below 50,000 if the population of such city is not measured by 2 consecutive decennial censuses (including the 1980 census) to be below 50,000.".

(c) URBAN COUNTIES.—Section 102(a)(6) of the Housing and Community Development Act of 1974 is amended by inserting before the period at the end of the first sentence the following: ", or (D) has a current population in excess of 177,000, with more than 50 percent of the housing units of the area unsewered and with the unsewered housing units contributing to the degradation of an aquifer that has been declared a sole source aquifer by the Environmental Protection Agency".

SEC. 2382. STATEMENT OF ACTIVITIES AND REVIEW.

Section 104(a)(1) of the Housing and Community Development Act of 1974 is amended by striking out the last sentence.

SEC. 2383. HOUSING ASSISTANCE PLANS.

Section 104(c)(1)(A) of the Housing and Community Development Act of 1974 is amended—

(1) in the second parenthetical phrase, by inserting "homeless persons," after "assistance,"; and

(2) in the last parenthetical phrase, by inserting "and homeless persons" after "persons".

SEC. 2384. LIMITED NEW CONSTRUCTION OF HOUSING UNDER COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.

Section 105(a) of the Housing and Community Development Act of 1974 is amended—

(1) by striking out "and" at the end of paragraph (17);

(2) by striking out the period at the end of paragraph (18) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new paragraph:

"(19) provision of assistance to facilitate new construction or substantial reconstruction in instances in which persons of low and moderate income own and occupy a home that the grantee determines is not suitable for rehabilitation.".

SEC. 2385. COMMUNITY DEVELOPMENT BLOCK GRANT PUBLIC SERVICE ACTIVITIES.

Section 105(a)(8) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting "(A)" after "paragraph unless"; and

(2) by inserting before the semicolon at the end thereof the following: "; or (B) the Secretary authorizes such unit of general local government to use more than 15 percent (but not more than the highest amount permitted to be used under subparagraph (A) by another unit of general local government located in the same metropolitan area) of the assistance received under this title for such activities following (i) a determination by such unit of general local government that the activities carried out using the amounts authorized under this subparagraph are appropriate to support proposed community development activities; and (ii) submission to the Secretary of a request for such authorization by such unit of general local government".

SEC. 2386. STATE CERTIFICATIONS FOR RECEIVING COMMUNITY DEVELOPMENT BLOCK GRANTS FOR NONENTITLEMENT AREAS.

Section 106(d)(2) of the Housing and Community Development Act of 1974 is amended—

(1) in subparagraph (C), by striking out "the Governor must certify that the State" and inserting in lieu thereof "the State must certify that it"; and

(2) in subparagraph (D), by striking out "the Governor of each State" and inserting in lieu thereof "the State".

SEC. 2387. DISCRETIONARY FUND.

Section 107(a) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new sentence: "Of the amount set aside for grants under subsection (b) for fiscal year 1986, not more than $5,000,000 shall be made available by the Secretary for purposes of grants under subsection (b)(1) for the Park Central New Community Project.".

SEC. 2388. COMMUNITY DEVELOPMENT BLOCK GRANT LOAN GUARANTEES.

(a) MORATORIUM FOR FISCAL YEAR 1986.—Section 108(a) of the Housing and Community Development Act of 1974 is amended by

striking out the last sentence and inserting in lieu thereof the following: "The Secretary may not enter into any commitment to guarantee a note or obligation under this section during fiscal year 1986.".

(b) PROHIBITION ON FEES.—Section 108 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new subsection:

"(1) No fee or charge may be assessed or collected by the Secretary or any other Federal agency on or with respect to a guarantee made by the Secretary under this section.".

SEC. 2389. URBAN DEVELOPMENT ACTION GRANT SELECTION CRITERIA.

(a) SELECTION FOR 40 PERCENT OF FUNDS BASED ON PROJECT QUALITY.—Section 119(d)(1) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting "(A)" after "(d)(1)";

(2) by inserting before the first comma the following: "or as otherwise provided in subparagraph (B)";

(3) by redesignating subparagraphs (A) through (C) as clauses (i) through (iii), respectively; and

(4) by adding at the end thereof the following new subparagraph:

"(B)(i) Of the aggregate amount awarded for grants for any fiscal year under this paragraph, 40 percent shall be awarded for grants made solely on the basis of the selection criteria established by the Secretary under subparagraph (A)(iii).

"(ii) In evaluating applications for grants under this paragraph, the Secretary shall first evaluate such applications in accordance with the provisions of this subparagraph. The Secretary shall then evaluate the applications that are not to be selected under such provisions under the selection criteria established under subparagraph (A).".

(b) MODIFICATIONS IN SELECTION CRITERIA RELATING TO PROJECT QUALITY.—

(1) Section 119(d)(1)(A)(iii) of the Housing and Community Development Act of 1974, as so redesignated by subsection (a), is amended by inserting before the last semicolon the following: "; the failure of the city or urban county to receive a preliminary grant approval under this section on or after December 21, 1983".

(2) Section 119(d)(1) of the Housing and Community Development Act of 1974, as amended by subsection (a), is amended by adding at the end thereof the following new subparagraph:

"(C) In determining the score to be awarded each of the criteria under subparagraph (A)(iii) for applications for grants for housing activities, the Secretary shall compare such applications only with other applications for grants for housing activities. For purposes of this subparagraph, an application shall be considered an application for a grant for housing activities if such application proposes that—

"(i) not less than 51 percent of all funds available for the project shall be used for dwelling units and related facilities; and

"(ii) not less than 20 percent of all funds used for dwelling units and related facilities shall be used for dwelling units to be occupied by persons of low and moderate income, or not less than 20 percent of all dwelling units made available for occupancy using such funds shall be occupied by persons of low and moderate income, whichever results in the occupancy of more dwelling units by persons of low and moderate income.".

(3) Section 119(r) of the Housing and Community Development Act of 1974 is amended by striking out "In" and inserting in lieu thereof the following: "Except as provided in subsection (d)(1)(C), in".

(c) MODIFICATIONS IN SELECTION CRITERIA RELATING TO URBAN COUNTIES.—Section 119(d)(1) of the Housing and Community Development Act of 1974, as amended by subsections (a) and (b), is amended by adding at the end thereof the following new subparagraph:

"(D) In determining the score to be awarded each of the criteria under clauses (i), (ii), and (iii) of subparagraph (A) for applications for grants for urban counties, the Secretary shall compare such applications only with other applications for grants for urban counties.".

(d) NUMBER OF COMPETITIONS FOR GRANTS.—Section 119(d) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new paragraph:

"(3)(A) For each fiscal year, the Secretary shall hold—

"(i) 3 competitions for grants under paragraph (1) for cities not described in the first sentence of subsection (i) (relating to small cities) and urban counties; and

"(ii) 3 competitions for cities described in the first sentence of subsection (i) (relating to small cities).

"(B) Each competition for grants described in any clause of subparagraph (A) shall be for an amount equal to the sum of—

"(i) approximately ⅓ of the funds available for such grants for the fiscal year;

"(ii) any funds available for such grants in any previous competition that are not awarded; and

"(iii) any funds available for such grants in any previous competition that are recaptured.".

(e) REPORTS TO CONGRESS.—

(1) Not later than the expiration of the 6-month period following the date of the enactment of this Act and each year thereafter, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a comprehensive report evaluating the eligibility standards and selection criteria applicable under section 119 of the Housing and Community Development Act of 1974. Such report shall evaluate in detail the standards and criteria specified in such section that measure the level or comparative degree of economic distress of cities and urban counties. Such report shall also evaluate in detail the extent to which the economic and social data utilized by the Secretary in awarding grants under such section is current and accurate, and shall compare the data used by the Secretary with other available data. The Secretary shall make recommendations to the Congress on whether or not other data should be collected by the Federal Government in order to fairly and accurately distribute grants under such section based on the level or comparative degree of economic distress. The Secretary shall also make recommendations on whether or not existing data should be collected more frequently in order to ensure that timely data is used to evaluate grant applications under such section. Such report shall also describe in detail the standards and criteria utilized by the Secretary to evaluate project quality under section 119(d)(1)(A)(iii) of such Act.

(2) Not later than the expiration of the 3-month period following the date of the final competition for grants for fiscal year 1986 under section 119 of the Housing and Community Development Act of 1974, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a comprehensive report describing the effect of the amendments made by this section on—

(A) the targetting of grant funds to cities and urban counties having the highest level or degree of economic distress;

(B) the distribution of grant funds among regions of the United States;

(C) the number and types of projects receiving grants; and

(D) the per capita funding levels for each city, urban county, or identifiable community described in subsection (p), receiving assistance under this section.

(f) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to carry out the amendments made by this section. Such regulations shall be published for comment in the Federal Register not later than 60 days after the date of the enactment of this Act.

(g) APPLICABILITY.—The amendments made by this section shall be applicable to the making of urban development action grants that have not received the preliminary approval of the Secretary of Housing and Urban Development before the date on which final regulations issued by the Secretary under subsection (f) become effective. For the fiscal year in which the amendments made by this section become applicable, such amendments shall only apply with respect to the aggregate amount awarded for such grants on or after such date.

SEC. 2390. PROHIBITION ON USE OF URBAN DEVELOPMENT ACTION GRANTS FOR BUSINESS RELOCATIONS.

Section 119(h) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting after the subsection designation the following: "(1) SPECULATIVE PROJECTS.—";

(2) by adding at the end of paragraph (1), as so redesignated, the following new sentence: "The provisions of this paragraph shall apply only to projects that do not have identified intended occupants."; and

(3) by adding at the end thereof the following new paragraphs:

"(2) PROJECTS WITH IDENTIFIED INTENDED OCCUPANTS.—No assistance may be provided or utilized under this section for any project with identified intended occupants that is likely to facilitate—

"(A) a relocation of any operation of an industrial or commercial plant or facility or other business establishment—

"(i) from any city, urban county, or identifiable community described in subsection (p), that is eligible for assistance under this section; and

"(ii) to the city, urban county, or identifiable community described in subsection (p), in which the project is located; or

"(B) an expansion of any such operation that results in a reduction of any such operation in any city, county, or community described in subparagraph (A)(i).

"(3) SIGNIFICANT AND ADVERSE EFFECT.—The restrictions established in paragraph (2) shall not apply if the Secretary determines that the relocation or expansion does not significantly and adversely affect the employment or economic base of the city, county, or community from which the relocation or expansion occurs.

"(4) DEFINITION.—For purposes of this subsection, the term 'operation' includes any plant, equipment, facility, position, em-

ployment opportunity, production capacity, or product line.

"(5) REGULATIONS.—The Secretary shall issue such regulations as may be necessary to carry out the provisions of this subsection. Such regulations shall include specific criteria to be used by the Secretary in determining whether there is a significant and adverse effect under paragraph (3).".

SEC. 2391. CONSIDERATION OF CERTAIN COUNTIES AS CITIES UNDER URBAN DEVELOPMENT ACTION GRANT PROGRAM.

Section 119(n)(1) of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new sentence: "Such term also includes the counties of Kauai, Maui, and Hawaii in the State of Hawaii.".

SEC. 2392. URBAN DEVELOPMENT ACTION GRANT LOAN GUARANTEES.

Section 119 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following new subsection:

"(s)(1) The Secretary shall, to the extent provided in appropriation Acts, guarantee (in accordance with the provisions of this subsection), the repayment of loans made to neighborhood-based nonprofit organizations.

"(2) Such guarantees may be made only if—

"(A) the organization is based in a neighborhood in which activities financed with funds from a grant under this section are being or will be carried out;

"(B) the funds from the loan are to be used to finance neighborhood revitalization activities that are designed to meet housing and other related needs of persons of low and moderate income in the neighborhood and that have been developed with the approval of the city or urban county receiving the grant described in subparagraph (A);

"(C) the amount guaranteed at any time does not exceed 90 percent of the outstanding unpaid principal balance of the loan;

"(D) the amount of the loan does not exceed 95 percent of the cost of the neighborhood revitalization activities financed by the loan;

"(E) the organization meets requirements established by the Secretary;

"(F) there is reasonable assurance of repayment of the loan;

"(G) the guarantee is requested by a financial institution in the manner and form required by the Secretary;

"(H) the loan is not available from financial institutions without the guarantee; and

"(I) the guarantee meets terms and conditions prescribed by the Secretary with respect to the interest rate and amortization of the loan, security required for the loan, proceedings in the event of default, and other matters defined by the Secretary.

"(3) In making available guarantees under this subsection, the Secretary shall give a priority to assisting neighborhood revitalization activities designed primarily to mitigate the displacement of persons of low and moderate income that is likely to occur as a result of commercial or other activities in the neighborhood.

"(4) The aggregate amount of loans that may be guaranteed under this subsection during fiscal year 1986 may not exceed an amount equal to 10 percent of the amount approved in appropriation Acts for urban development action grants during such fiscal year.

"(5) The full faith and credit of the United States is pledged to the payment of all guarantees made under this subsection. Any such guarantee made by the Secretary shall be conclusive evidence of the eligibility of the loan for such guarantee, and the validity of any such guarantee so made shall be incontestable in the hands of a holder of the guaranteed loan.

"(6) With respect to any proceedings conducted in connection with the default of any loan guaranteed under this subsection, the Secretary shall have the authority described in paragraphs (3) through (8) of section 402(c) of the Housing Act of 1950.".

SEC. 2393. URBAN HOMESTEADING.

(a) CONVEYANCES OF PROPERTY BY STATE AND LOCAL GOVERNMENTS FOR CONSIDERATION.—Section 810 of the Housing and Community Development Act of 1974 is amended—

(1) in subsection (b)(1), by inserting after "consideration" the following: "in the case of a lower income family or individual, or for such consideration (if any) as may be agreed upon by the entity and the family or individual in the case of a family or individual that is not a lower income family or individual";

(2) by striking out "and" at the end of subsection (b)(3)(C);

(3) by inserting "and" after the semicolon at the end of subsection (b)(3)(D);

(4) by adding at the end of subsection (b)(3) the following new subparagraph:

"(E) pay the agreed upon consideration (if any) for the property, in the case of a family or individual that is not a lower income family or individual;";

(5) in subsection (b)(5), by inserting after "consideration" the following: "in the case of a lower income family or individual, or for such consideration (if any) as may be agreed upon by the entity and the family or individual in the case of a family or individual that is not a lower income family or individual,";

(6) in subsection (b)(7)—

(A) by striking out "and" at the end of subparagraph (B);

(B) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof a semicolon; and

(C) by adding at the end thereof the following new subparagraphs:

"(D) prohibits the unit of general local government, State, or public agency designated by a unit of general local government or a State, from considering the amount of consideration it desires to charge for a property, if such charge results in excluding any prospective recipient qualified for the special priority under subparagraph (A); and

"(E) prohibits the conveyance of any property under this section to a family or individual that is not a lower income family or individual, if there is a qualified applicant who is a lower income family or individual.";

(7) by adding at the end of subsection (b) the following new sentences: "Any unit of general local government, State, or public agency designated by a unit of general local government or a State, that receives consideration in connection with the conveyance of a property to an individual or family under this section shall remit to the Secretary any amount received, in such manner and at such time as the Secretary may prescribe. The Secretary shall deposit any amount remitted under the preceding sentence in the miscellaneous receipts of the Treasury of the United States."; and

(8) in subsection (h)(3), by striking out "subsection and subsection (i)" and inserting in lieu thereof "section".

(b) INCREASED ASSISTANCE FOR COMMUNITIES HAVING HIGH RATES OF FORECLOSURES.—Section 810 of the Housing and Community Development Act of 1974 is amended—

(1) by redesignating subsection (k) as subsection (l); and

(2) by inserting after subsection (j) the following new subsection:

"(k)(1) Any unit of general local government in which the rate of foreclosure on mortgages on single-family dwellings insured under title II of the National Housing Act exceeds by more than 20 percent such rate of foreclosure in such unit of general local government during the preceding year may apply to the Secretary for an increase in its assistance under this section.

"(2) Any unit of general local government applying for an increase in assistance under this subsection shall provide the Secretary with documentation describing the rate of foreclosure referred to in paragraph (1), the administrative capacities of the homestead program of such unit of general local government, and the likely effect of the use of additional assistance under this subsection on such rate of foreclosure.

"(3) The Secretary may not approve an increase in assistance under this subsection that exceeds an amount equal to 50 percent of the assistance requested by the unit of general local government under this section in its original application.".

(c) AUTHORIZATION OF APPROPRIATIONS.—The first sentence of section 810(l) of the Housing and Community Development Act of 1974, as so redesignated by subsection (b), is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and $12,000,000 for fiscal year 1986".

SEC. 2394. REHABILITATION LOANS.

(a) LOAN AUTHORITY.—Section 312(h) of the Housing Act of 1964 is amended—

(1) by striking out "September 30, 1984" and inserting in lieu thereof "September 30, 1986"; and

(2) by striking out "October 1, 1984" and inserting in lieu thereof "October 1, 1986".

(b) PROHIBITION OF FEES ON REHABILITATION LOANS.—Section 312(g) of the Housing Act of 1964 is amended by adding at the end thereof the following new sentence: "No risk premium or loan fee may be assessed or collected by the Secretary or any other Federal agency on or with respect to a loan made by the Secretary under this section.".

SEC. 2395. NEIGHBORHOOD REINVESTMENT CORPORATION.

Section 608(a) of the Neighborhood Reinvestment Corporation Act is amended—

(1) by striking out "and" the last place it appears; and

(2) by inserting before the period at the end thereof the following: ", and $15,500,000 for fiscal year 1986".

SEC. 2396. NEIGHBORHOOD DEVELOPMENT DEMONSTRATION PROGRAM.

Section 123(g) of the Housing and Urban-Rural Recovery Act of 1983 is amended by inserting before the period at the end thereof the following: ", and not to exceed $10,000,000 for fiscal year 1986".

SEC. 2397. USE OF URBAN RENEWAL LAND DISPOSITION PROCEEDS.

Notwithstanding any other provision of law or other requirement, the City of Boston in the State of Massachusetts is authorized to retain any land disposition proceeds from the financially closed-out Government Center Urban Renewal Project

(NO. MASS. R-35) not paid to the Department of Housing and Urban Development, and to use such proceeds in accordance with the requirements of the community development block grant program specified in title I of the Housing and Community Development Act of 1974. The City of Boston shall retain such proceeds in a lump sum and shall be entitled to retain and use all past and future earnings from such proceeds, including any interest.

SEC. 2398. LIMITATION ON RECAPTURE OF CERTAIN RESERVATIONS OF ASSISTANCE.

After the reservation of assistance for any person or governmental entity under section 312 of the Housing Act of 1964 or section 810 of the Housing and Community Development Act of 1974, the Secretary of Housing and Urban Development shall not recapture any of the assistance included in such reservation due to the failure of such person or governmental entity to utilize, obligate, or expend such assistance during the fiscal year in which such amount is received or during the succeeding fiscal year.

SEC. 2399. COMMUNITY DEVELOPMENT AUTHORIZATIONS OF APPROPRIATIONS.

(a) COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM.—Section 103 of the Housing and Community Development Act of 1974 is amended by striking out the second sentence and inserting in lieu thereof the following: "There is authorized to be appropriated for purposes of assistance under sections 106 and 107 not to exceed $2,980,000,000 for fiscal year 1986.".

(b) URBAN DEVELOPMENT ACTION GRANT PROGRAM.—Section 119(a) of the Housing and Community Development Act of 1974 is amended by striking out the second and third sentences and inserting in lieu thereof the following: "There is authorized to be appropriated to carry out the provisions of this section not to exceed $352,000,000 for fiscal year 1986. Any amount appropriated under this subsection shall remain available until expended.".

SEC. 2399A. COMMUNITY DEVELOPMENT TECHNICAL AMENDMENTS.

Section 123(e)(3) of the Housing and Urban-Rural Recovery Act of 1983 is amended by striking out "Act" and inserting in lieu thereof "section".

Subtitle D—Shelter Assistance for the Homeless and Displaced

PART 1—NATIONAL BOARD OF CHARITIES PROGRAM

SEC. 2401. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to the Federal Emergency Management Agency to carry out an emergency program equivalent to the emergency food and shelter program established in the Second Supplemental Appropriations Act, 1984 (98 Stat. 1382), $66,000,000 for fiscal year 1986. Any amount appropriated under this section shall remain available until expended.

SEC. 2402. ELIGIBLE ACTIVITIES.

Any amount appropriated under section 401 may be used for the activities carried out under the emergency food and shelter program referred to in such section, other than renovation of buildings to be used as emergency shelters.

PART 2—SECOND STAGE HOUSING FOR THE HOMELESS AND DISPLACED

SEC. 2411. ESTABLISHMENT OF DEMONSTRATION PROGRAM.

(a) IN GENERAL.—The Secretary shall carry out a demonstration program in accordance with the provisions of this part to determine the effectiveness of assisting nonprofit organizations in providing housing and supportive services for homeless persons.

(b) PURPOSES.—Such demonstration program shall be designed to determine—

(1) the cost of acquisition, rehabilitation, or acquisition and rehabilitation of existing structures for the provision of housing for homeless persons;

(2) the cost of operating such housing and providing supportive services to the residents of such housing;

(3) the social, financial, and other advantages of such housing and supportive services as an alternative to continued institutionalization of handicapped persons; and

(4) the social, financial, and other advantages of such housing and supportive services as a means of assisting homeless persons.

SEC. 2412. ASSISTANCE TO NONPROFIT ORGANIZATIONS.

(a) IN GENERAL.—The Secretary may provide the following assistance to any eligible nonprofit organization under the demonstration program established in this part:

(1) a non-interest-bearing advance equal to the aggregate cost of acquisition, rehabilitation, or acquisition and rehabilitation of an existing structure for use in the provision of housing and supportive services for homeless persons;

(2) annual payments for operating expenses of such housing, not to exceed 80 percent of the annual operating expenses of such housing; and

(3) technical assistance in establishing and operating such housing and providing supportive services to the residents of such housing.

(b) NONREPAYMENT OF ADVANCES.—Any advance provided under subsection (a)(1) shall not be required to be repaid if the nonprofit organization involved utilizes the structure for which such advance is made as housing for homeless persons in accordance with the provisions of this part for not less than the 10-year period following initial occupancy of such housing.

(c) ASSISTANCE CONTRACTS.—The Secretary shall, to the extent approved in appropriation Acts, enter into a contract with each nonprofit organization receiving annual payments under subsection (a)(2) to provide for the making of such payments for not more than a 10-year period.

SEC. 2413. PROGRAM REQUIREMENTS.

(a) APPLICATIONS.—Applications for assistance under this part shall be made in such form and in accordance with such procedures as the Secretary shall establish.

(b) SELECTION CRITERIA.—In selecting nonprofit organizations for assistance under this part, the Secretary shall consider—

(1) the ability of such nonprofit organization to develop and operate housing for homeless persons and to provide or coordinate supportive services for the residents of such housing;

(2) the need for such housing and supportive services in the area to be served; and

(3) such other factors as the Secretary determines to be appropriate for purposes of carrying out the demonstration program established in this part in an effective and efficient manner.

(c) REQUIRED AGREEMENTS.—Each nonprofit organization receiving assistance under this part shall agree, with respect to each structure for which such assistance is provided—

(1) to conduct an assessment of the supportive services required by the residents of such structure;

(2) to employ a full-time residential supervisor with sufficient expertise to provide, or supervise the provision of, supportive services to the residents of such structure;

(3) to utilize such structure as housing for homeless persons in accordance with the provisions of this part for not less than the 5-year period following initial occupancy of such housing; and

(4) to comply with such other terms and conditions as the Secretary may establish for purposes of carrying out the demonstration program established in this part in an effective and efficient manner.

(d) OCCUPANT RENT.—Each homeless person residing in housing assisted under this part shall pay as rent an amount determined in accordance with the provisions of section 3(a) of the United States Housing Act of 1937.

SEC. 2414. REGULATIONS.

(a) IN GENERAL.—Not later than the expiration of the 180-day period following the date of the enactment of this Act, the Secretary shall issue such regulations as may be necessary to carry out the provisions of this part.

(b) ADVANCE CONSULTATION.—Before issuing regulations under this section, the Secretary shall consult with persons and entities having expertise with respect to the problems and needs of homeless persons or experience in providing housing or supportive services for such persons.

SEC. 2415. REPORTS TO CONGRESS.

The Secretary shall submit to the Congress—

(1) not later than 3 months after the end of fiscal year 1986, an interim report summarizing the activities carried out under this part during such fiscal year and setting forth any preliminary findings or conclusions of the Secretary as a result of such activities; and

(2) not later than 6 months after the end of fiscal year 1987, a final report summarizing all activities carried out under this part and setting forth any findings, conclusions, or recommendations of the Secretary as a result of such activities.

SEC. 2416. DEFINITIONS.

For purposes of this part:

(1) The term "elderly person" means an individual who is not less than 62 years of age.

(2) The term "handicapped person" means an individual having a physical, psychological, or other impairment that substantially impedes the ability of such individual to live independently without supportive services.

(3) The term "homeless person" means an individual who—

(A) is a lower income person, elderly person, or handicapped person;

(B) lacks permanent housing; and

(C) cannot live independently without supportive services.

(4) The term "housing for homeless persons" means a single- or multifamily structure suitable for the provision of housing and supportive services for not more than 12 homeless persons.

(5) The term "lower income person" means an individual whose income does not exceed 80 percent of the median income of the area involved.

(6) The term "nonprofit organization" means any governmental or private nonprofit entity that is approved by the Secretary as to financial responsibility.

(7) The term "operating costs" means expenses incurred by a nonprofit organization

operating housing for homeless persons under this part with respect to—

(A) the administration, maintenance, repair, and security of such housing;

(B) utilities, fuel, furnishings, and equipment for such housing;

(C) the conducting of the assessment required in section 413(c)(1); and

(D) the provision of supportive services to the residents of such housing.

(8) The term "Secretary" means the Secretary of Housing and Urban Development.

(9) The term "supportive services" means assistance in obtaining permanent housing, medical and psychological counseling and supervision, employment counseling, nutritional counseling, and such other services essential for maintaining independent living as the Secretary determines to be appropriate. Such term includes the provision of assistance to residents of housing for homeless persons in obtaining other Federal, State, and local assistance available for such persons, including mental health benefits, employment counseling, and medical assistance.

SEC. 2417. LIMITATION ON BUDGET AUTHORITY.

The aggregate amount of non-interest bearing advances and annual payments for operating expenses made by the Secretary under this part in fiscal year 1986 may not exceed $50,000,000. Such amount shall remain available until expended.

PART 3—EMERGENCY SHELTER GRANTS

SEC. 2421. GRANT ASSISTANCE.

The Secretary of Housing and Urban Development shall, to the extent of amounts approved in appropriation Acts, make grants to States and units of local government (and to private nonprofit organizations providing assistance to the homeless, in the case of grants made with reallocated amounts) in order to carry out activities described in section 423.

SEC. 2422. ALLOCATION AND DISTRIBUTION OF ASSISTANCE.

(a) IN GENERAL.—The Secretary shall allocate assistance under this part to metropolitan cities, urban counties, and States (for distribution to units of general local government in the States) in a manner that ensures that the percentage of the total amount available under this part for any fiscal year that is allocated to any State, metropolitan city, or urban county is equal to the percentage of the total amount available for section 106 of the Housing and Community Development Act of 1974 for such fiscal year that is allocated to such State, metropolitan city, or urban county.

(b) MINIMUM ALLOCATION REQUIREMENT.—If, under the allocation provisions applicable under this part, any metropolitan city or urban county will receive a grant of less than $30,000 for any fiscal year, such amount shall instead be allocated to the State in which such city or county is located and shall be included in the amount available for distribution to units of general local government in the State.

(c) DISTRIBUTIONS TO NONPROFIT ORGANIZATIONS.—Any unit of general local government receiving assistance under this part may distribute all or a portion of such assistance to private nonprofit organizations providing assistance to the homeless.

(d) REALLOCATION FUNDS.—

(1) The Homeless Assistance Council established in section 425 shall, not less than twice during each fiscal year, reallocate any assistance provided under this part that is unused or returned to the Secretary.

(2) The Council shall provide such reallocation funds—

(A) to units of general local government demonstrating extraordinary need or large numbers of homeless individuals;

(B) to private nonprofit organizations providing assistance to the homeless; and

(C) to meet such other needs consistent with the purposes of this part.

SEC. 2423. ELIGIBLE ACTIVITIES.

Assistance provided under this part may be used for the following activities relating to emergency shelter for the homeless:

(1) renovation of buildings to be used as emergency shelters;

(2) provision of essential services, including services concerned with employment, health, drug abuse, or education, if—

(A) such services have not been provided by the unit of general local government during any part of the immediately preceding 12-month period; and

(B) not more than 15 percent of the amount of any assistance to a unit of general local government under this part is used for activities under this paragraph; and

(3) maintenance, operation (other than staff), utilities, and furnishings.

SEC. 2424. RESPONSIBILITIES OF GRANTEES.

(a) SUBMISSION OF HOMELESS ASSISTANCE PLAN.—Following notification by the Secretary of eligibility for assistance under this part, each State, metropolitan city, and urban county shall submit to the Secretary a plan describing the proposed use of such assistance. The Secretary shall provide the appropriate amount of assistance to such State, metropolitan city, or urban county before the expiration of the 60-day period following the date of the submission of such plan, unless the Secretary determines before the expiration of such period that such plan is not in compliance with this part.

(b) MATCHING AMOUNTS.—

(1) Each grantee under this part shall be required to supplement the assistance provided under this part with an equal amount of funds from sources other than this subtitle. Each grantee shall certify to the Secretary its compliance with this paragraph, and shall include with such certification a description of the sources and amounts of such supplemental funds.

(2) In calculating the amount of supplemental funds provided by a grantee under this part, a grantee may include the value of any donated material or building, the value of any lease on a building, any salary paid to staff to carry out the program of the grantee, and the value of the time contributed by volunteers to carry out the program of the grantee (calculated at a rate of $5 per hour).

(c) ADMINISTRATION OF ASSISTANCE.—Each grantee shall act as the fiscal agent of the Secretary with respect to assistance provided to such grantee.

(d) CERTIFICATIONS ON USE OF ASSISTANCE.—Each grantee shall certify to the Secretary that—

(1) it will maintain as a shelter for the homeless for not less than a 3-year period any building for which assistance is used under this part, or for not less than a 7-year period if such assistance is used for the substantial rehabilitation of such building;

(2) any renovation carried out with assistance under this part shall be sufficient to ensure that the building involved is safe and sanitary; and

(3) it will assist homeless individuals in obtaining—

(A) appropriate supportive services, including permanent housing, medical and mental health treatment, counseling, supervision, and other services essential for achieving independent living; and

(B) other Federal, State, local, and private assistance available for such individuals.

(e) USE OF INTEREST ON ASSISTANCE.—Any interest received by any grantee under this part on assistance provided under this part shall be used in accordance with this part or returned to the Secretary for reallocation.

SEC. 2425. HOMELESS ASSISTANCE COUNCIL.

(a) ESTABLISHMENT.—There hereby is established a commission to be known as the Homeless Assistance Council.

(b) MEMBERSHIP.—The Council shall be composed of 9 members as follows:

(1) the Secretary of Housing and Urban Development, or the designee of the Secretary;

(2) the Secretary of Health and Human Services, or the designee of the Secretary;

(3) 1 individual appointed by the Secretary of Housing and Urban Development from individuals recommended jointly by the National League of Cities, the National Conference of Mayors, the National Association of Counties, and the National Association of Towns and Townships;

(4) 1 individual appointed by the Secretary of Housing and Urban Development from individuals who are representative of the providers of services to the homeless;

(5) 3 individuals appointed by the Secretary of Housing and Urban Development from individuals who are members of, and are recommended by the members of, the national board of charities constituted under the emergency food and shelter program established in the Second Supplemental Appropriations Act, 1984 (98 Stat. 1382);

(6) 1 individual appointed by the Secretary of Housing and Urban Development from individuals recommended by the Speaker of the House of Representatives; and

(7) 1 individual appointed by the Secretary of Housing and Urban Development from individuals recommended by the Majority Leader of the Senate.

(c) TERM OF MEMBERSHIP.—

(1) Each member of the Council described in paragraphs (3) through (7) of subsection (b) shall be appointed for a term of 2 years.

(2) Any vacancy in the Council occurring before the expiration of a term shall be filled in the manner in which the original appointment was made. Any member appointed to fill such a vacancy shall be appointed only for the remainder of such term.

(d) MEMBERS NOT FEDERAL EMPLOYEES.—The members of the Council shall not, by reason of their membership on the Council, be considered to be officers or employees of the Federal Government.

(e) PAY AND EXPENSES.—

(1) Each member of the Council shall serve without pay, allowances, or benefits by reason of such service.

(2) Each member of the Council shall, while attending meetings of the Council or while engaged in duties relating to such meetings or in other activities of the Council under this part, be allowed (except in the case of members of the Council who are Members of Congress or officers or employees of the Federal Government) travel expenses while away from their homes or regular places of business, including per diem in lieu of subsistence, equal to that authorized by section 5703 of title 5, United States Code, for persons in the Government service employed intermittently.

(f) POWERS.—The powers of the Council are—

(1) to review plans submitted by recipients of emergency shelter grants;

(2) to reallocate unexpended emergency shelter grant funds in accordance with section 422(d);

(3) to recommend to the Secretary that action be taken against recipients of emergency shelter grants who use such grants improperly;

(4) to call meetings of the Council, elect a chairperson of the Council, and to empower the chairperson to convene the Council; and

(5) to request additional temporary staff from the Secretary.

SEC. 2426. ADMINISTRATIVE PROVISIONS.

(a) REGULATIONS.—Not later than the expiration of the 30-day period following the date of the enactment of this Act, the Secretary shall by notice establish such requirements as may be necessary to carry out the provisions of this part. Such requirements shall not be subject to section 553 of title 5, United States Code, or section 7(o) of the Department of Housing and Urban Development Act. The Secretary shall issue regulations based on the initial notice before the expiration of the 12-month period following the date of the enactment of this Act.

(b) INITIAL ALLOCATION OF ASSISTANCE.—Not later than the expiration of the 30-day period following the date of the enactment of a law providing appropriations to carry out this part, the Secretary shall notify each State, metropolitan city, and urban county of its allocation of assistance under this part. Such assistance shall be allocated and may be used notwithstanding any failure of the Secretary to issue regulations under subsection (a).

(c) STAFF AND OFFICES OF COUNCIL.—The Secretary shall provide the Council with such staff and office facilities as the Secretary, following consultation with the Council, considers necessary to permit the Council to carry out its functions under this part.

(d) RECAPTURE OF UNUSED ASSISTANCE.—The Secretary shall recapture any assistance provided under this part that is not used by the grantee within a reasonable period of time.

SEC. 2427. DEFINITIONS.

For purposes of this part:

(1) The term "Council" means the Homeless Assistance Council established in section 425.

(2) The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 2428. AUTHORIZATION OF APPROPRIATIONS.

There are authorized to be appropriated to carry out the provisions of this part $100,000,000 for fiscal year 1986 and such sums as may be necessary for fiscal year 1987. Any amount appropriated under this section shall remain available until expended.

Subtitle E—Nehemiah Housing Opportunity Grants

SEC. 2501. STATEMENT OF PURPOSE.

It is the purpose of this subtitle—

(1) to encourage homeownership by families in the United States who are not otherwise able to afford homeownership;

(2) to undertake a concentrated effort to rebuild the depressed areas of the cities of the United States and to create sound and attractive neighborhoods; and

(3) to increase the employment of neighborhood residents.

SEC. 2502. DEFINITIONS.

For purposes of this subtitle:

(1) The term "Fund" means the Nehemiah Housing Opportunity Fund established in section 509(a).

(2) The term "home" means any 1- to 4-family dwelling. Such term includes any dwelling unit in a condominium project or cooperative project consisting of not more than 4 dwelling units, any town house, and any manufactured home.

(3) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(4) The term "metropolitan statistical area" means a metropolitan statistical area as established by the Office of Management and Budget.

(5) The term "nonprofit organization" means a private nonprofit corporation, or other private nonprofit legal entity, that is approved by the Secretary as to financial responsibility.

(6) The term "Secretary" means the Secretary of Housing and Urban Development.

(7) The term "State" means each of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.

(8) The term "substantial rehabilitation" means—

(A) rehabilitation involving costs in excess of 60 percent of the maximum sale price of a home assisted under this subtitle in the market area in which it is located; or

(B) the rehabilitation of a vacant, uninhabit- able structure.

(9) The term "unit of general local government" means any borough, city, county, parish, town, township, village, or other general purpose political subdivision of a State.

SEC. 2503. ASSISTANCE TO NONPROFIT ORGANIZATIONS.

(a) IN GENERAL.—The Secretary may provide assistance to nonprofit organizations to carry out Nehemiah housing opportunity programs in accordance with the provisions of this subtitle. Such assistance shall be made in the form of grants.

(b) APPLICATIONS.—Applications for assistance under this subtitle shall be made in such form, and in accordance with such procedures, as the Secretary may prescribe.

SEC. 2504. USE OF ASSISTANCE.

(a) IN GENERAL.—Any nonprofit organization receiving assistance under this subtitle shall use such assistance to provide loans to families purchasing homes constructed or substantially rehabilitated in accordance with a Nehemiah housing opportunity program approved under this subtitle.

(b) SPECIFIC REQUIREMENTS.—Each loan made to a family under this section shall—

(1) be secured by a second mortgage held by the Secretary on the property involved;

(2) be in an amount not exceeding $15,000;

(3) bear no interest; and

(4) be repayable to the Secretary upon the sale or other transfer of such property.

SEC. 2505. PROGRAM REQUIREMENTS.

(a) IN GENERAL.—Assistance provided under this subtitle may be used only in connection with a Nehemiah housing opportunity program of construction or substantial rehabilitation of homes.

(b) FAMILY NEED.—Each family purchasing a home under this subtitle shall—

(1) have a family income on the date of such purchase that is not more than whichever of the following is higher:

(A) 115 percent of the median income for a family of 4 persons in the metropolitan statistical area involved; or

(B) the national median income for a family of 4 persons; and

(2) not have owned a home during the 3-year period preceding such purchase.

(c) DOWNPAYMENT.—

(1) Each family purchasing a home under this subtitle shall make a downpayment of not less than 10 percent of the sale price of such home, or of such greater amount determined by the nonprofit organization involved to be appropriate.

(2) Any downpayment made under this subsection shall accrue interest from the date on which such downpayment is made through the date of settlement, at a rate not less than the passbook rate. Such interest shall be paid by the nonprofit organization involved to the family purchasing the home for which such downpayment was made.

(d) LEASING PROHIBITION.—No family purchasing a home under this subtitle may lease such home.

SEC. 2506. TERMS AND CONDITIONS OF ASSISTANCE.

(a) LOCAL CONSULTATION.—No proposed Nehemiah housing opportunity program may be approved by the Secretary under this subtitle unless the nonprofit organization involved demonstrates to the satisfaction of the Secretary that—

(1) it has consulted with and received the support of residents of the neighborhood in which such program is to be located; and

(2) it has the approval of each unit of general local government in which such program is to be located.

(b) PROGRAM SCHEDULE.—Each nonprofit organization applying for assistance under this subtitle shall submit to the Secretary an estimated schedule for completion of its proposed Nehemiah housing opportunity program, which schedule shall have been agreed to by each unit of general local government in which such program is to be located.

(c) MINIMUM PARTICIPATION.—No nonprofit organization receiving assistance under this subtitle may commence any construction or substantial rehabilitation (except with respect to homes to be constructed or substantially rehabilitated for the purpose of display) until not less than 25 percent of the homes to be constructed or substantially rehabilitated are contracted for sale to purchasers who intend to live in such homes and the required downpayments are made.

(d) FINANCIAL FEASIBILITY.—The Secretary may not provide any assistance under this subtitle to any nonprofit organization unless such nonprofit organization demonstrates the financial feasibility of its proposed Nehemiah housing opportunity program, including the availability of non-Federal public and private funds.

(e) HOME QUALITY AND LOCATION.—A Nehemiah housing opportunity program may be approved under this subtitle only if it provides that—

(1) the number of homes to be constructed or substantially rehabilitated under such program will not be less than whichever of the following is less:

(A) the greater of (i) 50 homes; or (ii) 0.25 percent of the number of existing dwelling units in the unit of general local government that provides the most assistance to such program; or

(B) 250 homes;

(2) each home constructed or substantially rehabilitated under such program will comply with—

(A)(i) applicable local building code standards; or

(ii) in any case in which there is not an applicable local building code, a nationally recognized model building code mutually agreed upon by the sponsoring nonprofit organization and the Secretary; and

(B) the energy performance requirements established under section 526 of the National Housing Act;

(3) all homes constructed or substantially rehabilitated under such program will be located in census tracts, or identifiable neighborhoods within census tracts, in which the median family income is not more than 80 percent of the median family income of the area in which such program is to be located, as such median family income and area are determined for purposes of assistance under section 8 of the United States Housing Act of 1937;

(4) all homes constructed or substantially rehabilitated under such program will be concentrated in a single neighborhood and located on contiguous parcels of land, except that if the unit of general local government in which the project is located certifies that such land cannot be made available for a program of the size required by subsection (e)(1), homes may be constructed in a single identifiable neighborhood if the program provides for construction or substantial rehabilitation of homes on not less than 20 percent of the lots in such neighborhood; and

(5) sales contracts entered into under such program will contain provisions requiring repayment of any loan made under this subtitle upon the sale or other transfer of the home involved, unless the Secretary approves a transfer of such home without repayment (in which case the second mortgage held by the Secretary on such home shall remain in force until such loan is fully repaid).

SEC. 2507. PROGRAM SELECTION CRITERIA.

(a) IN GENERAL.—In selecting Nehemiah housing opportunity programs for assistance under this subtitle from among eligible programs, the Secretary shall make such selection on the basis of the extent to which—

(1) non-Federal public or private entities will contribute land necessary to make each program feasible;

(2) non-Federal public and private financial or other contributions (including tax abatements, waivers of fees related to development, waivers of construction, development, or zoning requirements, and direct financial contributions) will reduce the cost of homes constructed or substantially rehabilitated under each program;

(3) each program will produce the greatest number of units for the least amount of assistance provided under this subtitle, taking into consideration the cost differences among different market areas;

(4) each program is located in a neighborhood of severe physical and economic blight (and, in determining the degree of physical blight, the Secretary shall consider the condition (but not age) of the housing, other buildings, and infrastructure, in the neighborhood of the proposed program);

(5) each program uses construction methods that will reduce the cost per square foot below the average construction cost in the market area involved; and

(6) each program provides for the involvement of local residents in the planning, and construction or substantial rehabilitation, of homes.

(b) EXCEPTION.—To the extent that non-Federal public entities are prohibited by the law of any State from making any form of contribution described in paragraph (1) or (2) of subsection (a), the Secretary shall not consider such form of contribution in evaluating such program.

SEC. 2508. DISTRIBUTION OF ASSISTANCE TO NONPROFIT ORGANIZATIONS.

(a) RESERVATION OF AMOUNTS.—Following the selection of any Nehemiah housing opportunity program for assistance under this subtitle, the Secretary shall reserve sufficient amounts in the Nehemiah Housing Opportunity Fund for such assistance.

(b) DISTRIBUTION OF ASSISTANCE.—Following the sale of any home constructed or substantially rehabilitated under a Nehemiah housing opportunity program selected for assistance under this subtitle, the Secretary shall provide to the sponsoring nonprofit organization an amount equal to the amount of the loan made to the family purchasing such home. Such amount shall be provided not more than 30 days after the sale of such home.

(c) MAXIMUM ASSISTANCE.—The assistance provided to any nonprofit organization under this subtitle may not exceed $15,000 per home.

SEC. 2509. NEHEMIAH HOUSING OPPORTUNITY FUND.

(a) ESTABLISHMENT.—There hereby is established in the Treasury of the United States a revolving fund, to be known as the Nehemiah Housing Opportunity Fund. The Fund shall be available to the Secretary, to the extent approved in appropriation Acts, for purposes of providing assistance under section 503.

(b) ASSETS.—The Fund shall consist of—

(1) any amount appropriated under section 512;

(2) any amount received by the Secretary under section 504(b)(4); and

(3) any amount received by the Secretary under subsection (c).

(c) ADMINISTRATION.—Any amount in the Fund determined by the Secretary to be in excess of the amount currently required to carry out the provisions of this subtitle shall be invested by the Secretary in obligations of, or obligations guaranteed as to both principal and interest by, the United States or any agency of the United States.

SEC. 2510. ANNUAL REPORT.

The Secretary shall annually prepare and submit to the Congress a comprehensive report setting forth the activities carried out under this subtitle. Such report shall include—

(1) an analysis of the characteristics of the families assisted under this subtitle during the preceding year, including family size, number of children, family income, sources of family income, race, age, and sex;

(2) an analysis of the market value of homes purchased under this subtitle during the preceding year;

(3) an analysis of the non-Federal public and private financial or other contributions made during the preceding year to reduce the cost of homes constructed or substantially rehabilitated under each program;

(4) an analysis of the sales prices of homes under this subtitle during the preceding year;

(5) an analysis of the amounts of the grants made to programs under this subtitle during the preceding year; and

(6) any recommendations of the Secretary for modifications in the program established by this subtitle in order to ensure the effective implementation of such program.

SEC. 2511. REGULATIONS.

The Secretary shall issue such regulations as may be necessary to carry out the provisions of this subtitle. Any such regulations shall be issued in accordance with section 553 of title 5, United States Code, notwithstanding the provisions of subsection (a)(2) of such section.

SEC. 2512. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out the provisions of this subtitle $100,000,000 for fiscal year 1986. Any amount appropriated under this section shall be deposited in the Nehemiah Housing Opportunity Fund, and shall remain available until expended.

Subtitle F—Multifamily Housing Preservation Loans

SEC. 2601. PURPOSE.

The purpose of this subtitle is to provide loans to the owners of certain multifamily housing projects assisted by the Secretary of Housing and Urban Development to permit such owners to make capital improvements required to maintain such projects as decent, safe, and sanitary housing and to maintain the low- and moderate-income character of such projects.

SEC. 2602. DEFINITIONS.

For purposes of this subtitle:

(1) The term "capital improvement" means any major repair or replacement of a capital item in a multifamily housing project, including any such repair or replacement required as a result of deferred or inadequate maintenance. Such term does not include maintenance of any such item.

(2) The term "Fund" means the Multifamily Housing Preservation Fund established in section 606.

(3) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(4) The term "low- and moderate-income character" means the character of a multifamily housing project with respect to tenant admission and rental charges that have been agreed to by the owner of such project and the Secretary in connection with assistance or insurance provided by the Secretary.

(5) The term "Secretary" means the Secretary of Housing and Urban Development.

SEC. 2603. AUTHORITY TO PROVIDE LOANS.

(a) IN GENERAL.—The Secretary may provide and, to the extent approved in appropriation Acts, contract to provide loans to owners of rental or cooperative housing projects meeting the requirements of this subtitle for purposes of assisting such owners to make capital improvements required to maintain such projects as decent, safe, and sanitary housing and to maintain the low- and moderate-income character of such projects.

(b) APPLICATIONS.—Applications for loans under this subtitle shall be made in such form, and in accordance with such procedures, as the Secretary may prescribe.

SEC. 2604. ELIGIBILITY FOR LOANS.

(a) PROJECT REQUIREMENTS.—The owner of any rental or cooperative housing project shall be eligible for a loan under this subtitle only if such project—

(1)(A) is assisted under section 236 of the National Housing Act, the proviso of section 221(d)(5) of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965, without regard to

whether such project is insured under the National Housing Act;

(B) is assisted under section 8 of the United States Housing Act of 1937 following conversion to such assistance from assistance under section 236(f)(2) of the National Housing Act or section 101 of the Housing and Urban Development Act of 1965;

(C) is assisted under section 23 of the United States Housing Act of 1937, as in effect before January 1, 1975; or

(D) was a project described in subparagraph (A) before the acquisition of such project by the Secretary, and has been sold by the Secretary subject to an agreement that provides that the low- and moderate-income character of such project will be maintained; and

(2) meets such other requirements consistent with the purposes of this subtitle as the Secretary may prescribe.

(b) LOAN AND BORROWER REQUIREMENTS.—No loan may be provided under this subtitle to the owner of any rental or cooperative housing project unless the Secretary determines that—

(1) such loan, when considered with other resources available to and financially feasible for such project, is necessary for such owner to make capital improvements with respect to capital items that have failed, or are likely to seriously deteriorate or fail in the near future, in such project;

(2) the owner of such project agrees to contribute assistance to such project in such amounts, from such sources, and in such manner as the Secretary determines to be appropriate, except that—

(A) such contribution shall not be less than 20 percent of the total estimated cost of the capital improvements involved, unless the Secretary, upon application of the owner, determines that such contribution is financially infeasible and waives or reduces such contribution to the extent necessary;

(B) the Secretary may not require an amount to be contributed, from the reserve funds established by the owner of such project for the purpose of making capital improvements, in excess of 50 percent of the amount of such reserve funds on the date of such loan; and

(C) the Secretary shall waive the requirements of this paragraph if such owner is a private nonprofit corporation or association;

(3) the owner of such project agrees to maintain the low- and moderate-income character of such project for a period of not less than the remaining term of the project mortgage;

(4) the management of such project is conducted by persons who meet levels of competency and experience prescribed by the Secretary and are approved by the Secretary;

(5) such project is structurally sound, or will be made structurally sound as a result of the capital improvements involved, as determined on the basis of information obtained as a result of an onsite inspection of such project;

(6) such loan, when considered with other resources available to and financially feasible for such project, will maintain the financial soundness of such project;

(7) such project is operated and managed in accordance with a management improvement and operating plan that has been determined to be necessary and approved by the Secretary and that includes the following:

(A) a detailed maintenance schedule;

(B) a schedule for correcting past deficiencies in maintenance, repairs, and replacements;

(C) a plan to upgrade the capital items being improved, and any other capital items determined by the Secretary to be associated with such capital items being improved and to require upgrading, to meet cost-effective energy efficiency standards prescribed by the Secretary;

(D) a plan to improve or maintain financial and management control systems;

(E) a detailed annual operating budget taking into account such standards for operating costs in the area as may be determined by the Secretary to be appropriate; and

(F) such other items as the Secretary may determine to be appropriate;

(8) the reserve funds established by the owner of such project for the purpose of making capital improvements are insufficient to finance both the capital improvements for which such loan is requested and other capital improvements that are reasonably expected to be required in the near future, and such insufficiency is not the result of the failure of such owner to comply with any standard established by the Secretary for management of such reserve funds; and

(9) such loan will be less costly to the Federal Government than other reasonable alternatives available to the Secretary for maintaining the low- and moderate-income character of such project.

(c) PRIORITIES IN PROVIDING LOANS.—In providing, and contracting to provide, loans under this subtitle, the Secretary shall give priority to—

(1) the extent to which the capital improvements for which such loans are requested are immediately required;

(2) the extent to which the projects for which such loans are requested serve as the residences of lower income families, and the extent to which other suitable housing is unavailable for such families in the areas in which such projects are located;

(3) the extent to which the capital improvements for which such loans are requested involve the life, safety, or health of the residents of the projects or involve major capital improvements in the projects; and

(4) projects that demonstrate the greatest financial distress, while continuing to meet the requirements of subsection (b)(6).

SEC. 2605. AMOUNT AND CONDITIONS OF LOANS.

(a) PRINCIPAL AMOUNT OF LOANS.—Subject to section 604(b)(2), the principal amount of any loan provided under this subtitle to the owner of any project shall not exceed 80 percent of the sum of—

(1) the amount determined by the Secretary to be necessary for such owner to make capital improvements with respect to capital items that have failed, or are likely to seriously deteriorate or fail in the near future, in such project;

(2) the amount determined by the Secretary to be necessary to carry out a plan to upgrade the capital items being improved, and any other capital items determined by the Secretary to be associated with such capital items being improved and to require upgrading, to meet cost-effective energy efficiency standards prescribed by the Secretary; and

(3) the amount determined by the Secretary to be necessary to comply with the requirements of section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794).

(b) CONDITIONS OF LOANS.—

(1) The term of any loan provided under this subtitle shall not exceed the remaining term of the mortgage on the project with respect to which such loan is provided.

(2) Subject to subsection (c), each loan provided under this subtitle shall bear interest at a rate determined by the Secretary to be appropriate, except that such rate shall not be less than 6 percent or more than the rate determined under section 221(d)(5)(B) of the National Housing Act.

(3) Each loan provided under this subtitle shall be considered to be a liability of the project involved, and shall not be dischargeable in any bankruptcy proceeding under section 727, 1141, or 1328(b) of title 11, United States Code.

(4) The Secretary may establish such additional conditions on loans provided under this subtitle as the Secretary determines to be appropriate.

(5) The Secretary may provide more than one loan to any project under this subtitle, if each such loan complies with the provisions of this subtitle.

(c) MINIMIZATION OF RENT INCREASES.—In order to minimize any increases in rental payments that may occur as a result of the debt service and other expenses of a loan provided under this subtitle, and that would be incurred by residents of the project involved whose rental payments are, or would as a result of such expenses be, in excess of the amount allowable if section 3(a) of the United States Housing Act of 1937 were applicable to such residents, the Secretary may take any or all of the following actions:

(1) Provide assistance with respect to such project under section 8(b)(1) of the United States Housing Act of 1937, to the extent amounts are available for such assistance and without regard to section 16 of such Act.

(2) Reduce the rate of interest charged on such loan to a rate of not less than 1 percent.

(3) Increase the term of such loan to a term that does not exceed the remaining term of the mortgage on such project.

(4) Increase the amount of assistance to be provided by the owner of such project under section 604(b)(2), if applicable, to an amount not to exceed 30 percent of the total estimated cost of the capital improvements involved.

SEC. 2606. MULTIFAMILY HOUSING PRESERVATION FUND.

(a) ESTABLISHMENT OF FUND.—For purposes of carrying out the provisions of this subtitle, there hereby is established in the Treasury of the United States a revolving fund, to be known as the Multifamily Housing Preservation Fund. The Fund shall, to the extent approved in appropriation Acts, be available to the Secretary for purposes of carrying out the provisions of this subtitle.

(b) ASSETS OF FUND.—The Fund shall consist of (1) any amount appropriated under section 608; (2) any amount repaid on a loan provided under this subtitle; and (3) any other amount received by the Secretary under this subtitle.

(c) MANAGEMENT OF FUND.—Any amounts in the Fund determined by the Secretary to be in excess of the amounts currently required to carry out the provisions of this subtitle shall be invested by the Secretary in obligations of, or obligations guaranteed as to both principal and interest by, the United States or any agency of the United States.

SEC. 2607. REGULATIONS.

The Secretary shall, not later than the expiration of the 180-day period following the date of the enactment of this Act, issue such regulations as may be necessary to carry out the provisions of this subtitle.

SEC. 2608. AUTHORIZATION OF APPROPRIATIONS.

There is authorized to be appropriated to carry out the provisions of this subtitle $60,000,000 for fiscal year 1986. Any amount appropriated under this section shall be deposited in the Fund and shall remain available until expended.

Subtitle G—Enterprise Zone Development

SEC. 2701. DESIGNATION OF ENTERPRISE ZONES.

(a) DESIGNATION OF ZONES.—

(1) DEFINITION.—For purposes of this section, the term "enterprise zone" means any area that—

(A) is nominated by 1 or more local governments and the State or States in which it is located for designation as an enterprise zone (hereafter in this section referred to as a "nominated area"); and

(B) the Secretary of Housing and Urban Development designates as an enterprise zone, after consultation with—

(i) the Secretaries of Agriculture, Commerce, Labor, and the Treasury; the Director of the Office of Management and Budget; and the Administrator of the Small Business Administration; and

(ii) in the case of an area on an Indian reservation, the Secretary of the Interior.

(2) LIMITATION ON DESIGNATIONS.—

(A) PUBLICATION OF REGULATIONS.—Before designating any area as an enterprise zone, the Secretary of Housing and Urban Development shall prescribe by regulation not later than 4 months following the date of the enactment of this Act, after consultation with the officials described in paragraph (1)(B)—

(i) the procedures for nominating an area under paragraph (1)(A);

(ii) the parameters relating to the size and population characteristics of an enterprise zone; and

(iii) the manner in which nominated areas will be compared based on the criteria specified in subsection (d) and the other factors specified in subsection (e).

(B) TIME LIMITATIONS.—The Secretary of Housing and Urban Development shall designate nominated areas as enterprise zones only during the 36-month period beginning on the later of—

(i) the 1st day of the 1st month following the month in which the effective date of the regulations described in subparagraph (A) occurs; or

(ii) July 1, 1985.

(C) NUMBER OF DESIGNATIONS.—

(i) IN GENERAL.—The Secretary of Housing and Urban Development may not designate more than 75 nominated areas as enterprise zones during the period beginning with the 1st day of the 36-month period described in subparagraph (B).

(ii) MINIMUM DESIGNATION IN RURAL AREAS.—Of the areas designated under clause (i), at least 1/3 must be areas that—

(I) are within a local government jurisdiction or jurisdictions with a population of less than 50,000 (as determined under the most recent census data available) and are determined by the Secretary of Housing and Urban Development, after consultation with the Secretary of Commerce, to be rural areas; or

(II) are outside of a metropolitan statistical area (as designated by the Director of the Office of Management and Budget).

(D) PROCEDURAL RULES.—The Secretary of Housing and Urban Development shall not make any designation under paragraph (1) unless—

(i) the local governments and the State in which the nominated area is located have the authority—

(I) to nominate such area for designation as an enterprise zone;

(II) to make the State and local commitments under subsection (d); and

(III) to provide assurances satisfactory to the Secretary of Housing and Urban Development that such commitments will be fulfilled;

(ii) a nomination therefor is submitted in such a manner and in such form, and contains such information, as the Secretary of Housing and Urban Development shall by regulation prescribe;

(iii) the Secretary of Housing and Urban Development determines that any information furnished is reasonably accurate; and

(iv) the State and local governments certify that no portion of the area nominated is already included in an enterprise zone or in an area otherwise nominated to be an enterprise zone.

(3) NOMINATION PROCESS FOR INDIAN RESERVATIONS.—In the case of a nominated area on an Indian reservation, the reservation governing body (as determined by the Secretary of the Interior) shall be deemed to be both the State and local governments with respect to such area.

(b) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

(1) IN GENERAL.—Any designation of an area as an enterprise zone shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

(A) December 31 of the 24th calendar year following the calendar year in which such date occurs;

(B) the termination date designated by the State and local governments as provided for in their nomination pursuant to subsection (a)(2)(D)(ii); or

(C) the date the Secretary of Housing and Urban Development revokes such designation under paragraph (2).

(2) REVOCATION OF DESIGNATION.—The Secretary of Housing and Urban Development, after consultation with the officials described in subsection (a)(1)(B), may revoke the designation of an area if the Secretary of Housing and Urban Development determines that the local government or the State in which it is located is not complying substantially with the State and local commitments pursuant to subsection (d).

(c) AREA AND ELIGIBILITY REQUIREMENTS.—

(1) IN GENERAL.—The Secretary of Housing and Urban Development may make a designation of any nominated area under subsection (a)(1) only if it meets the requirements of paragraphs (2) and (3).

(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

(A) the area is within the jurisdiction of the local government;

(B) the boundary of the area is continuous; and

(C) the area—

(i) has a population, as determined by the most recent census data available, of at least—

(I) 4,000 if any portion of such area (other than a rural area described in subsection (b)(2)(C)(ii)(I)) is located within a metropolitan statistical area (as designated by the Director of the Office of Management and Budget) with a population of 50,000 or greater; or

(II) 1,000 in any other case; or

(ii) is entirely within an Indian reservation (as determined by the Secretary of the Interior).

(3) ELIGIBILITY REQUIREMENTS.—For purposes of paragraph (1), a nominated area meets the requirements of this paragraph if the State and local governments in which it is located certify and the Secretary of Housing and Urban Development, after such review of supporting data as he deems appropriate, accepts such certification, that—

(A) the area is one of pervasive poverty, unemployment, and general distress;

(B) the area is located wholly within the jurisdiction of a local government that is eligible for Federal assistance under section 119 of the Housing and Community Development Act of 1974, as in effect on the date of the enactment of this Act; and

(C) 1 of the following criteria is met:

(i) the unemployment rate, as determined by the appropriate available data, was at least 1.5 times the national unemployment rate for that period;

(ii) the poverty rate (as determined by the most recent census data available) for each populous census tract (or where not tracted, the equivalent county division as defined by the Bureau of the Census for the purpose of defining poverty areas) within the area was at least 20 percent for the period to which such data relate;

(iii) at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households of the local government (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974); or

(iv) the population of the area decreased by 20 percent or more between 1970 and 1980 (as determined from the most recent census data available).

(d) REQUIRED STATE AND LOCAL COMMITMENTS.—

(1) IN GENERAL.—No nominated area shall be designated as an enterprise zone unless the local government and the State in which it is located agree in writing that, during any period during which the area is an enterprise zone, such governments will follow a specified course of action designated to reduce the various burdens borne by employers or employees in such area.

(2) COURSE OF ACTION.—The course of action under paragraph (1) may be implemented by both such governments and private nongovernmental entities, may be funded from proceeds of any Federal program, and may include, but is not limited to—

(A) a reduction of tax rates or fees applying within the enterprise zone;

(B) an increase in the level of efficiency of local services within the enterprise zone, such as crime prevention (particularly through experimentation with providing such services by nongovernmental entities);

(C) actions to reduce, remove, simplify, or streamline governmental requirements applying within the enterprise zone; and

(D) involvement in the program by private entities, organizations, neighborhood associations, and community groups, particularly those within the nominated area, including a commitment from such private entities to provide jobs and job training for, and technical, financial, or other assistance to, employers, employees, and residents of the nominated area.

(e) PRIORITY OF DESIGNATION.—In choosing nominated areas for designation, the Secretary of Housing and Urban Development shall give special preference to the areas with respect to which the strongest and highest quality contributions described in subsection (d)(2) have been promised as part of the course of action, taking into consideration the fiscal ability of the nominat-

ing State and local governments to provide tax relief. The Secretary shall also give preference to—

(1) the nominated areas with respect to which the strongest and highest quality contributions other than those described in subsection (d)(2) have been promised as part of the course of action;

(2) the nominated areas with respect to which the nominating State and local governments have provided the most effective and enforceable guarantees that the proposed course of action under subsection (d) will actually be carried out during the period of the enterprise zone designation;

(3) the nominated areas with high levels of poverty, unemployment, and general distress, particularly the areas—

(A) that are near areas with concentrations of disadvantaged workers or long-term unemployed individuals; and

(B) with respect to which there is a strong likelihood that residents of the area described in subparagraph (A) will receive jobs if the area is designated as an enterprise zone;

(4) the nominated areas the size and location of which—

(A) will primarily stimulate new economic activity; and

(B) minimize unnecessary tax losses to the Federal Government;

(5) the nominated areas with respect to which private entities have made the most substantial commitments in additional resources and contributions, including the creation of new or expanded business activities; and

(6) the nominated areas that best exhibit such other factors determined by the Secretary of Housing and Urban Development as are—

(A) consistent with the intent of the enterprise zone program; and

(B) important to minimizing the unnecessary loss of tax revenues to the Federal Government.

(f) DEFINITIONS.—For purposes of this section:

(1) GOVERNMENT.—If more than 1 government seeks to nominate an area as an enterprise zone, any reference to, or requirement of, this section shall apply to all such governments.

(2) LOCAL GOVERNMENT.—The term "local government" means—

(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State;

(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Housing and Urban Development; and

(C) the District of Columbia.

(3) STATE.—The term "State" includes Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and any other possession of the United States.

SEC. 2702. EVALUATION AND REPORTING REQUIREMENTS.

Not later than the close of the 4th calendar year after the year in which the Secretary of Housing and Urban Development first designates areas as enterprise zones, and at the close of each 4th calendar year thereafter, the Secretary of Housing and Urban Development shall prepare and submit to the Congress a report on the effects of such designation in accomplishing the purposes of this subtitle.

SEC. 2703. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) TAX REDUCTIONS.—Any reduction of taxes under any required program of State and local commitment under section 701(d) shall be disregarded in determining the eligibility of a State or local government for, or the amount or extent of, any assistance or benefits under any law of the United States.

(b) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of an enterprise zone under section 701 shall not—

(1) constitute approval of a Federal or federally assisted program or project (within the meaning of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601)); or

(2) entitle any person displaced from real property located in such zone to any rights or any benefits under such Act.

(c) COORDINATION WITH ENVIRONMENTAL POLICY.—Designation of an enterprise zone under section 701 shall not constitute a Federal action for purposes of applying the requirements of the National Environmental Policy Act (42 U.S.C. 4341) or other provisions of Federal law relating to the protection of the environment.

SEC. 2704. WAIVER OR MODIFICATION OF CERTAIN AGENCY RULES IN ENTERPRISE ZONES.

(a) IN GENERAL.—Upon the written request of the governments that designated and approved an area that has been designated as an enterprise zone under section 701, an agency is authorized, in order to further the job creation, community development, or economic revitalization objectives of the zone, to waive or modify all or part of any rule that it has authority to promulgate, as such rule pertains to the carrying out of projects, activities, or undertakings within the zone.

(b) LIMITATION.—Nothing in this section shall authorize an agency to waive or modify any rule adopted to carry out a statute or Executive order that prohibits, or the purpose of which is to protect persons against, discrimination on the basis of race, color, religion, sex, marital status, national origin, age, or handicap.

(c) SUBMISSION OF REQUESTS.—A request under subsection (a) shall specify the rule or rules to be waived or modified and the change proposed, and shall briefly describe why the change would promote the achievement of the job creation, community development, or economic revitalization objectives of the enterprise zone. If a request is made to an agency other than the Department of Housing and Urban Development, the requesting governments shall send a copy of the request to the Secretary of Housing and Urban Development at the time the request is made.

(d) CONSIDERATION OF REQUESTS.—In considering a request, the agency shall weigh the extent to which the proposed change is likely to further job creation, community development, or economic revitalization within the enterprise zone against the effect the change is likely to have on the underlying purposes of applicable statutes in the geographic area that would be affected by the change. The agency shall approve the request whenever it finds, in its discretion, that the public interest that the proposed change would serve in furthering such job creation, community development, or economic revitalization outweighs the public interest that continuation of the rule unchanged would serve in furthering such underlying purposes. The agency shall not approve any request to waive or modify a rule if such waiver or modification would—

(1) directly violate a statutory requirement (including any requirement of the Fair Labor Standards Act of 1938 (29 U.S.C. 201 et seq.)); or

(2) be likely to present a significant risk to the public health, including environmental health or safety, such as a rule with respect to occupational safety or health, or environmental pollution.

(e) NOTICE OF DISAPPROVAL.—If a request is disapproved, the agency shall inform the requesting governments in writing of the reasons therefor and shall, to the maximum extent possible, work with such governments to develop an alternative, consistent with the standards contained in subsection (d).

(f) PERIOD FOR DETERMINATION.—Agencies shall discharge their responsibilities under this section in an expeditious manner, and shall make a determination on requests not later than 90 days after their receipt.

(g) APPLICABLE PROCEDURES.—A waiver or modification of a rule under subsection (a) shall not be considered to be a rule, rulemaking, or regulation under chapter 5 of title 5, United States Code. To facilitate reaching its decision on any requested waiver or modification, the agency may seek the views of interested parties and, if the views are to be sought, determine how they should be obtained and to what extent, if any, they should be taken into account in considering the request. The agency shall publish a notice in the Federal Register stating any waiver or modification of a rule under this section.

(h) EFFECT OF SUBSEQUENT AMENDMENT OF RULES.—In the event that an agency proposes to amend a rule for which a waiver or modification under this section is in effect, the agency shall not change the waiver or modification to impose additional requirements unless it determines, consistent with standards contained in subsection (d), that such action is necessary.

(i) EXPIRATION OF WAIVERS AND MODIFICATIONS.—No waiver or modification of a rule under this section shall remain in effect for a period longer than the period for which the enterprise zone designation remains in effect for the area in which the waiver or modification applies.

(j) DEFINITIONS.—For purposes of this section:

(1) AGENCY.—The term "agency" means the Department of Housing and Urban Development and, with respect to any rule issued under title V of the Housing Act of 1949, the Department of Agriculture.

(2) RULE.—The term "rule" means (A) any rule as defined in section 551(4) of title 5, United States Code; or (B) any rulemaking conducted on the record after opportunity for an agency hearing pursuant to sections 556 and 557 of such title 5.

SEC. 2705. COORDINATION OF HOUSING AND URBAN DEVELOPMENT PROGRAMS IN ENTERPRISE ZONES.

Section 3 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall—

"(1) promote the coordination of all programs under the jurisdiction of the Secretary that are carried on within an enterprise zone designated pursuant to section 701 of the Housing Act of 1985;

"(2) expedite, to the greatest extent possible, the consideration of applications for programs referred to in paragraph (1)

through the consolidation of forms or otherwise; and

"(3) provide, whenever possible, for the consolidation of periodic reports required under programs referred to in paragraph (1) into 1 summary report submitted at such intervals as may be designated by the Secretary.".

TITLE III—COMMITTEE ON EDUCATION AND LABOR

Subtitle A—Amendments to the Higher Education Act of 1965

PART 1—AMENDMENTS RELATING TO FEDERALLY INSURED AND GUARANTEED STUDENT LOANS

SEC. 3101. RECOVERY OF OUTSTANDING ADVANCES TO GUARANTY AGENCIES.

Section 422 of the Higher Education Act of 1965 (hereafter in this subtitle referred to as "the Act") is amended by adding at the end thereof the following new subsection:

"(d)(1) Notwithstanding any other provision of this section, advances made by the Secretary under this section shall be repaid in accordance with this paragraph and shall be deposited in the fund established by section 431. The Secretary shall, in accordance with the requirements of paragraph (2), recover (and so deposit) an amount equal to $50,000,000 during fiscal year 1988.

"(2) In determining the amount of advances which shall be repaid by a State or nonprofit private institution or organization under paragraph (1), the Secretary—

"(A) shall consider the solvency and maturity, as determined by the Comptroller General, of the reserve and insurance funds of the State or nonprofit private institution or organization assisted by such advances; and

"(B) shall not seek repayment of such advances from any State described in subsection (c)(5)(B) during any year of its eligibility under such subsection.".

SEC. 3102. DISBURSEMENT OF STUDENT LOANS TO INSTITUTIONS REQUIRED.

(a) FISL LOANS REQUIREMENT.—Section 427(a)(2)(I) of the Act is amended to read as follows:

"(I) the funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this subparagraph shall be interpreted to allow the Secretary to require checks to be made copayable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check; and".

(b) GSL LOANS REQUIREMENT.—Section 428(b)(1)(O) of the Act is amended to read as follows:

"(O) provides that funds borrowed by a student are disbursed to the institution by check or other means that is payable to and requires the endorsement or other certification by such student, except nothing in this subparagraph shall be interpreted to allow the Secretary to require checks to be made co-payable to the institution and the borrower or to prohibit the disbursement of loan proceeds by means other than by check;".

(c) CONFORMING AMENDMENT.—Section 433A(a) of the Act is amended by striking out "to a borrower" in the first sentence.

SEC. 3103. NEED REQUIREMENTS AND SCREENING OF PELL GRANT—ELIGIBLE STUDENTS.

(a) REQUIREMENT THAT FISL AND GSL BORROWERS FIRST OBTAIN PELL GRANT ELIGIBILITY DETERMINATION.—Section 428(a)(2)(A) of the Act is amended—

(1) by striking out "and" at the end of clause (i);

(2) by striking out the period at the end of clause (ii) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following new clause:

"(iii) in the case of any student other than a graduate or professional student (as defined in regulations of the Secretary), have obtained a determination of eligibility or ineligibility for a grant under subpart 1 of part A of this title.".

(b) NEED ANALYSIS REQUIRED FOR ALL FISL AND GSL BORROWERS.—Section 428(a)(2)(B) of the Act is amended to read as follows:

"(B) For the purposes of clause (ii) of subparagraph (A), a student shall qualify for a portion of an interest payment under paragraph (1) if the eligible institution has provided the lender with a statement evidencing a determination of need for a loan and the amount of such need, subject to the provisions of subparagraph (F).".

SEC. 3104. MULTIPLE DISBURSEMENTS OF STUDENT LOANS REQUIRED.

(a) REPEAL OF INCENTIVES TO LENDERS TO MAKE MULTIPLE DISBURSEMENTS.—Section 428(a) of the Higher Education Act of 1965 (20 U.S.C. 1078(a)) is amended by striking out paragraph (8).

(b) MULTIPLE DISBURSEMENT REQUIRED IN FISL PROGRAM.—Section 427(a) of the Act is amended—

(1) by striking out "and" at the end of paragraph (1);

(2) by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; and"; and

(3) by adding at the end thereof the following:

"(3) in the case of a loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more, the proceeds of the loan will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period.

For purposes of paragraph (3), all loans issued for the same period of enrollment shall be considered as a single loan.".

(c) MULTIPLE DISBURSEMENTS REQUIRED IN GSL PROGRAM.—Section 428(b)(1) of such Act is amended—

(1) by redesignating subparagraph (P) as subparagraph (Q); and

(2) by inserting after subparagraph (O) the following new subparagraph:

"(P) provides that the proceeds of any loan made for any period of enrollment of more than six months, one semester, two quarters, or 600 clock hours and for an amount of $1,000 or more—

"(i) will be disbursed directly by the lender in two or more installments, none of which exceeds one-half of the loan, with the interval between the first and second installment being not less than one-third of such period, or

"(ii) will be disbursed in such installments pursuant to the escrow provisions of subsection (i) of this section,

but all loans issued for the same period of enrollment shall be considered as a single loan for purposes of this subparagraph; and".

(d) ORIGINATION FEE TO BE DEDUCTED PROPORTIONATELY FROM EACH INSTALLMENT.—Section 438(c)(2) of the Act is amended by striking out "which may be deducted from the proceeds of the loan prior to payment to the borrower" and inserting in lieu thereof "which shall be deducted proportionately from each installment payment of the proceeds of the loan to the borrower".

(e) CONFORMING AMENDMENTS.—(1) Section 425(a)(1) of the Act is amended—

(A) by inserting "and" at the end of subparagraph (A), by striking out subparagraph (B), and by redesignating subparagraph (C) as subparagraph (B); and

(B) by striking out the last sentence.

(2) Section 428(a)(3)(A) of the Act is amended—

(A) by striking out "Except as provided in paragraph (8) and subject" and inserting in lieu thereof "Subject"; and

(B) by striking out "but, except as provided in paragraph (8) of this subsection, such portion" and inserting in lieu thereof "but such portion".

(3) Section 428(b)(1)(A) of such Act is amended—

(A) by inserting "and" at the end of division (i);

(B) by striking out division (ii) and by redesignating division (iii) as division (ii); and

(C) in the matter following such division, by striking out "annual limit," and all that follows and inserting in lieu thereof "annual limit;".

SEC. 3105. INSURANCE PREMIUM.

Section 428(b)(1)(H) of the Act is amended to read as follows:

"(H) provides for collection of an insurance premium equal to 3 per centum per loan, by deduction proportionately from each installment payment of the proceeds of the loan to the borrower, and insures that the proceeds of the premium will not be used for incentive payments to lenders;".

SEC. 3106. AGREEMENT FOR AUDITS.

Section 428(b)(2) of the Act is amended—

(1) by striking out "and" at the end of subparagraph (B);

(2) by striking out the period at the end of subparagraph (C) and inserting in lieu thereof "; and"; and

(3) by inserting after such subparagraph the following:

"(D) provide for—

"(i) conducting, except as provided in clause (ii), financial and compliance audits of the guaranty agency at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organizations, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to a guaranty program of a State which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period of time covered by such audit.".

SEC. 3107. PRECLAIM COLLECTION ACTIVITIES.

(a) DELAY REQUIRED BEFORE SUBMISSION OF CLAIMS BY GUARANTY AGENCIES.—Section 428(c)(1)(A) of the Act is amended by adding at the end thereof the following new sentence: "In no case shall a State or nonprofit private institution or organization with which the Secretary has an agreement pursuant to subsection (b) file a claim for such reimbursement with respect to such losses prior to 210 days after the loan becomes delinquent with respect to any installment thereon.".

(b) SUPPLEMENTAL PRECLAIMS ASSISTANCE.—Section 428(c)(6) of the Act is amended—

(1) in subparagraph (A), by inserting after "assistance for default prevention," the following: "the administrative costs of supplemental preclaims assistance for default prevention,";

(2) in such subparagraph, by striking out "as such terms are defined in subparagraph (B)" and inserting in lieu thereof "as such terms are defined in subparagraph (B) or (C)"; and

(3) by adding at the end thereof the following new subparagraph:

"(C)(i) For purposes of this paragraph, 'administrative costs of supplemental preclaims assistance' means (subject to divisions (ii) through (iv)) any administrative costs—

"(I) incurred by a guaranty agency in connection with a loan on which the guarantor has exercised preclaims assistance required or permitted under sections 428(c)(2)(A) and 428(f)(2), and which has been in delinquent status for at least 120 days; and

"(II) which are directly related to providing collection assistance to the lender on a delinquent loan, prior to a claim being filed with the guaranty agency,

including the attributable compensation of appropriate personnel (and in the case of personnel who perform several functions, only the portion of compensation attributable to the collection assistance), fees paid to locate a missing borrower, postage, equipment, supplies, telephone, and similar charges, but does not include overhead costs.

"(ii) The administrative costs for which reimbursement is authorized under this subparagraph must be clearly supplemental to the preclaim assistance for default prevention which the guaranty agency is required or permitted to provide pursuant to section 428(c)(2)(A) and section 428(f)(2) of this Act.

"(iii) The services associated with carrying out this subparagraph may be provided by the guaranty agency directly or under contract, except that such services may not be carried out by an organization or entity (other than the guaranty agency)—

"(I) that is the holder or servicer of the loan or an organization or entity that owns or controls the holder or servicer of the loan; or

"(II) that is owned or controlled by the same corporation, partnership, association, or individual that owns or controls the holder or servicer of the loan.

"(iv) The costs for each delinquent loan associated with carrying out this subparagraph may not exceed 2 per centum of the outstanding principal balance of each such loan subject to the supplemental preclaims assistance authorized by this subparagraph or $100, whichever is less.".

SEC. 3108. STATUTE OF LIMITATIONS.

Section 428(d) of the Act is amended—

(1) by redesignating clauses (A) and (B) of paragraph (2) as clauses (i) and (ii), respectively;

(2) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(3) by inserting "(1)" before "No provision of any law"; and

(4) by adding at the end thereof the following new paragraphs:

"(2) Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(A) a guaranty agency which has an agreement with the Secretary under subsection (c) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date such guaranty agency reimburses the previous holder of the loan for its loss on account of the default of the borrower; and

"(B) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due the Secretary from a borrower pursuant to subsection (c)(2)(D) of this section until six years following the date on which the loan is assigned to the Secretary under this part.".

SEC. 3109. ADMINISTRATIVE COST PAYMENTS.

Section 428(f) of the Act is amended—

(1) by striking out "is authorized to make payments" each place it appears in the first sentence of paragraphs (1) and (2) and inserting in lieu thereof "shall make payments";

(2) by striking out "shall not exceed" each place it appears in the second sentence of such paragraphs and inserting in lieu thereof "shall be equal to"; and

(3) by striking out the third and fourth sentences of each such paragraph.

SEC. 3110. RECOVERY OF COSTS.

Section 430(b) of the Act is amended—

(1) by striking out "(b)(1)" and inserting in lieu thereof "(b)";

(2) by striking out "(including reasonable administrative costs)" and inserting in lieu thereof the following: "(including reasonable administrative and collection costs, to the extent set forth in regulations issued by the Secretary)"; and

(3) by striking out paragraph (2).

SEC. 3111. CREDIT BUREAU REPORTS.

Part B of the Act is amended by adding immediately after section 430 the following new section:

"REPORTS TO CREDIT BUREAUS AND INSTITUTIONS OF HIGHER EDUCATION

"SEC. 430A. (a) For the purpose of promoting responsible repayment of loans covered by Federal loan insurance pursuant to this part or covered by a guaranty agreement pursuant to section 428, the Secretary, and each guaranty agency having a guaranty agreement with the Secretary under section 428, shall enter into agreements with credit bureau organizations to exchange information concerning student borrowers, in accordance with the requirements of this section. For the purpose of assisting such organizations in complying with the Fair Credit Reporting Act, such agreements may provide for timely response by the Secretary, concerning loans covered by Federal loan insurance, or by a guaranty agency, concerning loans covered by a guaranty agreement, to requests from such organizations for responses to objections raised by borrowers. Subject to the requirements of subsection (c), such agreements shall require the Secretary or the guaranty agency, as appropriate, to disclose to such organizations, with respect to any loan under this part—

"(1) the date of disbursement and the amount of the loan;

"(2) information concerning the date of any default on the loan and the collection of the loan, including information concerning the repayment status of any defaulted loan on which the Secretary has made a payment pursuant to section 430(a) or the guaranty agency has made a payment to the previous holder of the loan; and

"(3) the date of cancellation of the note upon completion of repayment by the borrower of the loan or payment by the Secretary pursuant to section 437.

"(b) Such agreements may also provide for the disclosure by such organizations to the Secretary or a guaranty agency, whichever insures or guarantees a loan, upon receipt of a notice under subsection (a)(2) that such a loan is in default, of information concerning the borrower's location or other information which may assist the Secretary, the guaranty agency, the eligible lender, or the subsequent holder in collecting the loan.

"(c) Agreements entered into pursuant to this section shall contain such provisions as may be necessary to ensure that—

"(1) no information is disclosed by the Secretary or the guaranty agency unless its accuracy and completeness have been verified and the Secretary or the guaranty agency has determined that disclosure would accomplish the purposes of this section;

"(2) as to any information so disclosed, such organizations will be promptly notified of, and will promptly record, any change submitted by the Secretary or the guaranty agency with respect to such information, or any objections by the borrower with respect to any such information, as required by section 611 of the Fair Credit Reporting Act (15 U.S.C. 1681i);

"(3) no use will be made of any such information which would result in the use of collection practices with respect to such a borrower that are not fair and reasonable or that involve harassment, intimidation, false or misleading representations, or unnecessary communication concerning the existence of such loan or concerning any such information; and

"(4) with regard to notices of default under subsection (a)(2) of this section, except for disclosures made to obtain the borrower's location, the guaranty agency, eligible lender, or subsequent holder (A) shall not disclose any such information until he has notified the borrower that such information will be disclosed to credit bureau organizations unless the borrower enters into repayment of his loan, but (B) shall, if the borrower has not entered into repayment within a reasonable period of time, but not less than thirty days, from the date such notice has been sent to the borrower, disclose the information required by this subsection.

"(d) A guaranty agency or credit bureau organization which discloses or receives information under this section shall not be considered a Government contractor within the meaning of section 552a of title 5, United States Code.

"(e) The Secretary and each guaranty agency, eligible lender, and subsequent holder of a loan are authorized to disclose information described in subsections (a) and (b) concerning student borrowers to the eligible institutions such borrowers attend or previously attended.

"(f) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary or a guaranty agency, eligible lender, or subsequent holder regarding the status of a borrower's account on a loan guaranteed under this part until—

"(1) seven years from the date on which the Secretary or the agency paid a claim to the holder on the guaranty, or

"(2) with regard to an account on a loan on which the Secretary or the guaranty agency has paid a claim but not reported the account to a consumer reporting agency on or before October 1, 1985, seven years from that date.".

SEC. 3112. CIVIL PENALTIES.

Section 432 of the Act is further amended by adding at the end thereof the following new subsection:

"(f)(1) Upon determination, after reasonable notice and opportunity for a hearing on the record, that a lender or a guaranty agency—

"(A) has violated or failed to carry out any provision of this part or any regulation prescribed under this part, or

"(B) has engaged in substantial misrepresentation of the nature of its financial charges,

the Secretary may impose a civil penalty upon such lender or agency of not to exceed $25,000 for each violation, failure, or misrepresentation.

"(2) No civil penalty may be imposed under paragraph (1) of this subsection unless it is determined that the violation, failure or substantial misrepresentation referred to in that paragraph resulted from—

"(A)(i) a clear and consistent pattern or practice of violations, failures, or substantial misrepresentations in which the lender or guaranty agency did not maintain procedures reasonably adapted to avoid the violation, failure, or substantial representation;

"(ii) gross negligence; or

"(iii) willful actions on the part of the lender or guaranty agency; and

"(B) the violation, failure, or substantial misrepresentation is material.

"(3) A lender or guaranty agency has no liability under paragraph (1) of this subsection if, prior to the institution of an action under that paragraph, the lender or guaranty agency cures or corrects the violation or failure or notifies the person who received the substantial misrepresentation of the actual nature of the financial charges involved.

"(4) For the purposes of paragraph (1) of this subsection, violations, failures, or substantial misrepresentations arising from a specific practice of a lender or guaranty agency shall be deemed to be a single violation, failure, or substantial misrepresentation even if the violation, failure, or substantial misrepresentation affects more than one loan or more than one borrower, or both, and the Secretary may only impose a single civil penalty for each such violation, failure, or substantial misrepresentation.

"(5) If a loan affected by a violation, failure, or substantial misrepresentation is assigned to another holder, the lender or guaranty agency responsible for the violation, failure, or substantial misrepresentation shall remain liable for any civil money penalty provided for under paragraph (1) of this subsection, but the assignee shall not be liable for any such civil money penalty.

"(6) Until a matter is referred to the Attorney General, any civil penalty under paragraph (1) of this subsection may be compromised by the Secretary. In determining the amount of such penalty, or the amount agreed upon in compromise, the appropriateness of the penalty to the resources of the lender or guaranty agency subject to the determination; the gravity of the violation, failure, or substantial misrepresentation; the frequency and persistence of the violation, failure, or substantial misrepresentation; and the amount of any losses resulting from the violation, failure, or substantial misrepresentation shall be considered. The amount of such penalty, when finally determined, or the amount agreed upon in compromise, may be deducted from any sums owing by the United States to the lender or agency charged (unless the lender or agency has in the case of a final agency determination commenced proceedings for judicial review within 90 days of the determination, in which case the deduction may not be made during the pendency of the proceeding).".

SEC. 3113. INDEBTEDNESS OF STUDENT LOAN MARKETING ASSOCIATION.

Section 439(h)(1) of the Act is amended by adding at the end thereof the following new sentence: "To the extent that the average outstanding amount of the obligations owned by the Association pursuant to the authority contained in subsection (d)(1)(B) of this section and as to which the income is exempt from taxation under the Internal Revenue Code of 1954 does not exceed the average stockholders' equity of the Association, the interest on obligations issued under this paragraph shall not be deemed to be interest on indebtedness incurred or continued to purchase or carry obligations for purposes of section 265 of the Internal Revenue Code of 1954.".

SEC. 3114. EXTENSION OF PROGRAM.

(a) EXTENSION OF AUTHORITY.—Part B of title IV of the Act is amended—

(1) in section 424(a)—

(A) by striking out "1986" and inserting in lieu thereof "1988";

(B) by striking out "1990" and inserting in lieu thereof "1992";

(2) in section 428(a)(5)—

(A) by striking out "1986" and inserting in lieu thereof "1988";

(B) by striking out "1990" and inserting in lieu thereof "1992"; and

(3) in section 439(l), by striking out "1988" and inserting in lieu thereof "1990".

(b) EXTENSION OF FAMILY CONTRIBUTION SCHEDULES.—Section 9 of the Student Financial Assistance Technical Amendments Act of 1982 is amended—

(1) in subsection (a), by striking out "and from July 1, 1986, through June 30, 1987," and inserting in lieu thereof "from July 1, 1986, through June 30, 1987, from July 1, 1987, through June 30, 1988, from July 1, 1988, through June 30, 1989, and from July 1, 1989, through June 30, 1990,"; and

(2) in subsection (c)—

(A) by striking out "and" at the end of paragraph (3);

(B) by striking out the comma at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

(C) by inserting after such paragraph the following new paragraphs:

"(5) April 1, 1987, for the period of instruction from July 1, 1987, through June 30, 1988;

"(6) April 1, 1988, for the period of instruction from July 1, 1988, through June 30, 1989; and

"(7) April 1, 1989, for the period of instruction from July 1, 1989, through June 30, 1990,".

PART 2—AMENDMENTS RELATING TO THE NATIONAL DIRECT STUDENT LOAN PROGRAM

SEC. 3121. ASSIGNMENT AND REFERRAL OF LOANS FOR COLLECTION.

Section 463(a)(5) of the Act is amended to read as follows:

"(5) provide that where a note or written agreement evidencing a loan has been in default despite due diligence on the part of the institution in attempting collection thereon—

"(A) if the institution has knowingly failed to maintain an acceptable collection record with respect to such loan, as determined by the Secretary in accordance with criteria established by regulation, the Secretary may—

"(i) require the institution to assign such note or agreement to the Secretary, without recompense; and

"(ii) apportion any sums collected on such a loan, less an amount not to exceed 30 per centum of any sums collected to cover the Secretary's collection costs, among other institutions in accordance with section 462; or

"(B) if the institution is not one described in clause (A), the Secretary may allow it to refer such note or agreement to the Secretary, without recompense, except that any sums collected on such a loan, less an amount not to exceed 30 per centum of any sums collected to cover the Secretary's collection costs, shall be repaid to such institution and treated as if a part of Federal capital contributions from funds appropriated under section 461;".

SEC. 3122. REPORTING BY CONSUMER REPORTING AGENCY.

Section 463(c) of the Act is amended by adding the following new paragraph:

"(3) Notwithstanding paragraphs (4) and (6) of subsection (a) of section 605 of the Fair Credit Reporting Act (15 U.S.C. 1681c(a)(4), (a)(6)), a consumer reporting agency may make a report containing information received from the Secretary regarding the status of a borrower's account on a loan made under this part until—

"(A) seven years from the date on which the Secretary accepted an assignment or referral of a loan, or

"(B) seven years from the date the Secretary first reports the account to a consumer reporting agency, if that account has not been previously reported by any other holder of the note.".

SEC. 3123. DEFAULT PENALTY.

Section 463A(a)(7) of the Act is amended by inserting immediately before the semicolon at the end thereof the following: "and a description of any penalty imposed as a consequence of default, such as liability for expenses reasonably incurred in attempts by the Secretary or institutions to collect on a loan".

SEC. 3124. STUDENT LOAN AGREEMENTS.

(a) CHARGES FOR LATE PAYMENTS.—Section 464(c)(1)(H) of the Act is amended to read as follows:

"(H) pursuant to regulations of the Secretary, shall provide for an assessment of a charge with respect to the loan for failure of the borrower to pay all or part of an installment when due, which shall include the expenses reasonably incurred in attempting collection of the loan, to the extent permitted by the Secretary, except that no charge imposed under this clause shall exceed 20 per centum of the amount of the monthly payment of the borrower; and".

(b) CONFORMING AMENDMENT.—Section 464(c)(4) of the Act is amended to read as follows:

"(4) The institution may elect—

"(A) to add the amount of any charge imposed under paragraph (1)(H) to the principal amount of the loan as of the first day after the day on which the installment was due and to notify the borrower of the assessment of the charge; or

"(B) to make the amount of the charge payable to the institution not later than the due date of the next installment.".

SEC. 3125. REFERRAL FOR COLLECTION.

Section 467(a) of the Act is amended—

(1) by inserting immediately after "attempt to collect" a comma and "by any means authorized by law, including referral to the Attorney General for litigation, for collecting claims of the United States"; and

(2) by striking out the comma after "any loan".

SEC. 3126. FEDERAL COLLECTION PROCEDURE.

Section 467(b) of the Act (20 U.S.C. 1087gg(b)) is amended to read as follows:

"(b) The Secretary shall continue to attempt to collect any loan referred or assigned under section 465(a)(5) or (6) until all appropriate collection efforts, as determined by the Secretary, have been expended.".

SEC. 3127. STATUTE OF LIMITATIONS.

Part E of title IV of the Act is amended by adding immediately after section 467 the following new section:

"STATUTE OF LIMITATIONS

"SEC. 467A. Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which has an agreement with the Secretary pursuant to section 463(a) may file suit for collection of the amount due from a borrower on a loan made under this part during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date of the default of the borrower with respect to that amount; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for collection of the amount due from a borrower on a loan made under this part until six years following the date on which the loan is assigned or referred to the Secretary under this part.".

PART 3—AMENDMENTS RELATING TO STUDENT ASSISTANCE GENERALLY

SEC. 3131. EXCLUSION OF LIQUIDATION PROCEEDS FROM FAMILY CONTRIBUTION COMPUTATIONS.

Section 482 of the Act is amended by adding at the end thereof the following new subsection:

"(f) The Secretary shall, within 30 days after the date of enactment of this subsection, promulgate special regulations to permit, in the computation of family contributions for the programs under subpart 1 of part A and part B of this title for any academic year beginning on or after July 1, 1985, the exclusion from family income of any proceeds of a sale of farm or business assets of that family if such sale results from a voluntary or involuntary foreclosure, forfeiture, or bankruptcy.".

SEC. 3132. STUDENT ELIGIBILITY.

Section 484(a) of the Act is amended—

(1) by striking out the word "such" each place it appears in paragraph (4) and inserting in lieu thereof "any"; and

(2) by striking out "(which need not be notarized)" in paragraph (5) and inserting in lieu thereof "(which need not be notarized but which shall include such student's social security number or, if the student does not have a social security number, such student's student identification number)".

SEC. 3133. STATUTE OF LIMITATIONS.

Part F of title IV of the Act is amended by adding immediately after section 484 the following new section:

"STATUTE OF LIMITATIONS

"SEC. 484A. (a) Notwithstanding any provision of State law that would set an earlier deadline for filing suit—

"(1) an institution which receives funds under this title may file suit for collection of a refund due from a student on a grant made or work assistance awarded under this title during a period of time extending at least until a date six years (exclusive of periods during which the State statute of limitations period otherwise applicable to the suit would be tolled under State law) after the date the refund first became due; and

"(2) subject to the provisions of section 2416 of title 28 of the United States Code, the Attorney General may file suit for payment of a refund due from a student on a grant made under this title until six years following the date on which the refund first became due.

"(b) Notwithstanding any provision of State law to the contrary, a borrower who has defaulted on a loan made under this title shall be required to pay, in addition to other charges specified in this title, reasonable collection costs.".

SEC. 3134. PROGRAM PARTICIPATION AGREEMENTS.

(a) USE OF INTEREST ON FUNDS RECEIVED.—Section 487(a)(1) of the Act is amended to read as follows:

"(1) The institution will use funds received by it for any program under this title and any interest or other earnings thereon solely for the purposes specified in and in accordance with the provision of that program.".

(b) AUDIT AND RECOVERY OF FUNDS.—Section 487(b)(1) of the Act is amended by striking out subparagraph (A) and inserting in lieu thereof the following:

"(A)(i) except as provided in clause (ii), a financial and compliance audit of an eligible institution, with regard to any funds obtained by it under this title or obtained from a student or a parent who has a loan insured or guaranteed by the Secretary under this title, at least once every two years and covering the period since the most recent audit, conducted by a qualified, independent organization or person in accordance with standards established by the Comptroller General for the audit of governmental organization, programs, and functions, and as prescribed in regulations of the Secretary, the results of which shall be submitted to the Secretary; or

"(ii) with regard to an eligible institution which is audited under chapter 75 of title 31, United States Code, deeming such audit to satisfy the requirements of clause (i) for the period covered by such audit;".

PART 4—EFFECTIVE DATES

SEC. 3141. EFFECTIVE DATES.

(a) IN GENERAL.—Except as provided in subsections (b), the amendments made by this subtitle shall take effect on October 1, 1985.

(b) EXCEPTIONS.—(1) The amendments made by sections 3102, 3123, and 3124 shall apply to loans to cover the cost of attendance for any period of enrollment beginning on or after July 1, 1986.

(2) The amendments made by sections 3103(a) and 3104 of this Act shall take effect on July 1, 1986.

(3) The amendment made by section 3105 shall take effect on October 1, 1986.

(4) The amendments made by sections 3106, 3108, 3110, 3111, 3112, 3121, 3122, 3125, 3126, and 3127 shall apply to all loans, including loans made before the enactment of this Act, and shall take effect ninety days after the date of enactment of this Act.

(5) The amendment made by section 3109 shall apply to any fiscal year beginning after September 30, 1984.

(6) The amendment made by section 3132 shall apply to grants, loans, or work assistance to cover the cost of attendance for any period of enrollment beginning on or after July 1, 1986.

(7) The amendment made by section 3133 shall apply to all grants, including grants awarded before the enactment of this Act, and shall take effect ninety days after the date of enactment of this Act.

(8) The amendment made by section 3134 shall apply to all grants, loans, or work assistance, including such assistance awarded before the date of enactment of this Act, and shall take effect ninety days after the date of enactment of this Act.

Subtitle B—Single-Employer Plan Termination Insurance Premiums

SEC. 3201. SHORT TITLE.

This subtitle may be cited as the "Single-Employer Pension Plan Termination Insurance Premium Act of 1985".

SEC. 3202. PREMIUM INCREASE.

(a) GENERAL RULE.—Section 4006(a)(3)(A)(i) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)(3)(A)(i)) is amended by striking out, "for plan years beginning after December 31, 1977, an amount equal to $2.60" and inserting in lieu thereof "for plan years beginning after December 31, 1985, an amount equal to $8.50".

(b) CONFORMING AMENDMENT WITH RESPECT TO PLAN YEARS AFTER 1977.—Section 4006(c)(1) of such Act (29 U.S.C. 1306(c)(1)) is amended by striking out subparagraph (A) and inserting in lieu thereof the following new subparagraph:

"(A) in the case of each plan which was not a multiemployer plan in a plan year—

"(i) with respect to each plan year beginning before January 1, 1978, an amount equal to $1 for each individual who was a participant in such plan during the plan year, and

"(ii) with respect to each plan year beginning after December 31, 1977, an amount equal to $2.60 for each individual who was a participant in such plan during the plan year, and".

SEC. 3203. INCORPORATION OF CERTAIN FORMER PROVISIONS IN LIEU OF CROSS REFERENCE THERETO.

Section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended—

(1) in paragraph (1), by striking out the last sentence; and

(2) by adding at the end thereof the following new paragraph:

"(6)(A) In carrying out its authority under paragraph (1) to establish premium rates and bases for basic benefits guaranteed under section 4022 with respect to single-employer plans, the corporation shall establish such rates and bases in coverage schedules in accordance with the provisions of this paragraph.

"(B) The corporation may establish annual premiums for single-employer plans composed of the sum of—

"(i) a charge based on a rate applicable to the excess, if any, of the present value of the basic benefits of the plan which are

guaranteed over the value of the assets of the plan, not in excess of 0.1 percent, and

"(ii) an additional charge based on a rate applicable to the present value of the basic benefits of the plan which are guaranteed.

The rate for the additional charge referred to in clause (ii) shall be set by the corporation for every year at a level which the corporation estimates will yield total revenue approximately equal to the total revenue to be derived by the corporation from the charges referred to in clause (i) of this subparagraph.

"(C) The corporation may establish annual premiums for single-employer plans based on—

"(i) the number of participants in a plan, but such premium rates shall not exceed the rates described in paragraph (3),

"(ii) unfunded basic benefits guaranteed under this title, but such premium rates shall not exceed the limitations applicable to charges referred to in subparagraph (B)(i), or

"(iii) total guaranteed basic benefits, but such premium rates shall not exceed the rates for additional charges referred to in subparagraph (B)(ii).

If the corporation uses two or more of the rate bases described in this subparagraph, the premium rates shall be designed to produce approximately equal amounts of aggregate premium revenue from each of the rate bases used.

"(D) For purposes of this paragraph, the corporation shall by regulation define the terms 'value of assets' and 'present value of the benefits of the plan which are guaranteed' in a manner consistent with the purposes of this title and the provisions of this section.".

SEC. 3204. APPROVAL BY JOINT RESOLUTION OF RECOMMENDATIONS OF THE PENSION BENEFIT GUARANTY CORPORATION.

Title IV of the Employee Retirement Income Security Act of 1974 is amended as follows:

(1) The last sentence of subsection (a)(2) of section 4006 (29 U.S.C. 1306(a)(2)) is amended by striking out "the Congress approves such revised schedule by a concurrent resolution" and inserting in lieu thereof "a joint resolution approving such revised schedule is enacted".

(2) Subsection (a)(4) of section 4006 (29 U.S.C. 1306(a)(4)) is amended by striking out "approval by the Congress" and inserting in lieu thereof "the enactment of a joint resolution".

(3) Subsection (b)(3) of section 4006 (29 U.S.C. 1306(b)(3)) is amended by striking out "concurrent" and inserting in lieu thereof "joint", by striking out "That the Congress favors the" and inserting in lieu thereof "The", and by inserting "is hereby approved" before the period preceding the quotation marks.

(4) Subsection (f)(2)(B) of section 4022A (29 U.S.C. 1322a(f)(2)(B)) is amended by striking out "Congress by concurrent resolution" and inserting in lieu thereof "the enactment of a joint resolution".

(5) Subsection (f)(2)(C) of section 4022A (29 U.S.C. 1322a(f)(2)(C)) is amended by striking out "approved" and inserting in lieu thereof "so enacted".

(6) Subsection (f)(3)(B) of section 4022A (29 U.S.C. 1322a(f)(3)(A)) is amended by striking out "Congress by a concurrent resolution" and inserting in lieu thereof "enactment of a joint resolution".

(7) Subsection (f)(4)(A) of section 4022A (29 U.S.C. 1322a(f)(4)(A)) is amended by striking out "concurrent" and inserting in lieu thereof "joint".

(8) Subsection (f)(4)(B) of section 4022A (29 U.S.C. 1322a(f)(4)(B)) is amended by striking out "concurrent" each place it appears and inserting in lieu thereof "joint", by striking out "That the Congress favors the" and inserting in lieu thereof "The", and by inserting "is hereby approved" immediately before the period preceding the quotation marks.

(9) Subsection (g)(4)(A)(ii) of section 4022A (29 U.S.C. 1322a(g)(4)(A)(ii)) is amended by striking out "concurrent" and inserting in lieu thereof "joint", and by striking out "adopted" and inserting in lieu thereof "enacted".

(10) Subsection (g)(4)(B) of section 4022A (29 U.S.C. 1322a(g)(4)(B)) is amended by striking out "concurrent" each place it appears and inserting in lieu thereof "joint", by striking out "That the Congress disapproves the" and inserting in lieu thereof "The", and by inserting "is hereby disapproved" immediately before the period preceding the quotation marks.

SEC. 3205. EFFECTIVE DATES.

(a) GENERAL RULE.—Except as provided in subsection (b), the amendments made by this subtitle shall be effective for plan years commencing after December 31, 1985.

(b) SPECIAL RULE.—The amendments made by section 3203 shall be effective as of the date of the enactment of the Multiemployer Pension Plan Amendments Act of 1980.

Subtitle C—Single-Employer Plan Termination Insurance System Amendments

SEC. 3301. SHORT TITLE AND TABLE OF CONTENTS.

This subtitle may be cited as "Single-Employer Pension Plan Amendments Act of 1985".

TABLE OF CONTENTS

SEC. 3302. FINDINGS AND DECLARATION OF POLICY.

(a) FINDINGS.—The Congress finds that—

(1) single-employer defined benefit pension plans have a substantial impact on interstate commerce and are affected with a national interest;

(2) the continued well-being and retirement income security of millions of workers, retirees, and their dependents are directly affected by such plans;

(3) the existence of a sound termination insurance system is fundamental to the retirement income security of participants and beneficiaries of such plans; and

(4) the current termination insurance system in some instances encourages employers to terminate pension plans, evade their obligations to pay benefits, and shift unfunded pension liabilities onto the termination insurance system and the other premium-payers.

(b) ADDITIONAL FINDINGS.—The Congress further finds that modification of the current termination insurance system—

(1) is desirable to increase the likelihood that full benefits will be paid to participants and beneficiaries of such plans; and

(2) is desirable to provide for the transfer of liabilities to the termination insurance system only in cases of severe hardship, and to keep the premium costs of such system at a reasonable level.

(c) DECLARATION OF POLICY.—It is hereby declared to be the policy of this Act—

(1) to foster and facilitate interstate commerce,

(2) to encourage the maintenance and growth of single-employer defined benefit pension plans,

(3) to increase the likelihood that participants and beneficiaries under single-employer defined benefit pension plans will receive their full benefits, and

(4) to provide for the transfer of unfunded pension liabilities onto the single-employer pension plan termination insurance system only in cases of severe hardship, and to keep the premium costs of such system at a reasonable level.

SEC. 3303. AMENDMENT OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.

Whenever in this subtitle an amendment is expressed in terms of an amendment to a section or other provision, the reference is to a section or other provision of the Employee Retirement Income Security Act of 1974, unless otherwise specified.

SEC. 3304. DEFINITIONS.

Section 4001(a) (29 U.S.C. 1301(a)) is amended—

(1) by striking out paragraph (2) and inserting in lieu thereof the following new paragraph:

"(2) 'substantial employer', for any plan year of a single-employer plan, means one or more persons—

"(A) who are contributing sponsors of the plan in such plan year,

"(B) who, at any time during such plan year, are members of the same affiliated group (within the meaning of subsection (a) of section 1563 of the Internal Revenue Code of 1954, determined without regard to subsections (a)(4) and (e)(3)(C) of such section), and

"(C) whose required contributions to the plan for each plan year constituting one of—

"(i) the two immediately preceding plan years, or

"(ii) the first two of the three immediately preceding plan years,
total an amount greater than or equal to 10 percent of all contributions required to be paid to or under that plan for such plan year;";

(2) in paragraph (11), by striking out "and";

(3) in paragraph (12), by striking out "corporation." and inserting in lieu thereof "corporation;" and

(4) by adding after paragraph (12) the following new paragraphs:

"(13) 'contributing sponsor', of a single-employer plan, means a person—

"(A) who is responsible for meeting the funding requirements under section 302, or

"(B) who is a member of the controlled group of a person described in subparagraph (A), has been responsible for meeting such funding requirements, and has employed a significant number (as may be defined in regulations of the corporation) of participants under such plan while such person was so responsible;

"(14) in the case of a single-employer plan—

"(A) 'controlled group' means, in connection with any person, a group consisting of such person and all other persons under common control with such person; and

"(B) the determination of whether two or more persons are under 'common control' shall be made under regulations of the corporation which are consistent and coextensive with regulations prescribed for similar purposes by the Secretary of the Treasury under section 414(c) of the Internal Revenue Code of 1954;

"(15) 'single-employer plan' means, except as otherwise specifically provided in this title, any plan which is not a multiemployer plan;

"(16) 'benefit entitlements', of a participant or beneficiary as of any date under a single-employer plan, means all benefits provided by the plan with respect to the participant or beneficiary which—

"(A) are guaranteed under section 4022,

"(B) would be guaranteed under section 4022, but for the operation of subsection 4022(b), or

"(C) constitute—

"(i) early retirement supplements or subsidies,

"(ii) plant closing benefits, or

"(iii) death benefits,

irrespective of whether any such benefits are guaranteed under section 4022, if the participant or beneficiary has satisfied, as of such date, all of the conditions required of him or her under the provisions of the plan to establish entitlement to the benefits, except for the submission of a formal application, retirement, completion of a required waiting period, death, or designation of a beneficiary;

"(17) 'amount of unfunded guaranteed benefits', of a participant or beneficiary as of any date under a single-employer plan, means an amount equal to the excess of—

"(A) the actuarial present value (determined as of such date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefits of the participant or beneficiary under the plan which are guaranteed under section 4022, over

"(B) the current value as of such date of the assets of the plan which are required to be allocated to those benefits under section 4044;

"(18) 'amount of unfunded benefit entitlements', of a participant or beneficiary as of any date under a single-employer plan, means an amount equal to the excess of—

"(A) the actuarial present value (determined as of such date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefit entitlements of the participant or beneficiary under the plan, over

"(B) the current value as of such date of the assets of the plan which are required to be allocated to such benefit entitlements under section 4044;

"(19) 'outstanding amount of benefit entitlements', of a participant or beneficiary under a terminated single-employer plan, means the excess of—

"(A) the actuarial present value (determined as of the termination date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefit entitlements of such participant or beneficiary under the plan, over

"(B) the actuarial present value (determined as of such date on the basis of assumptions prescribed by the corporation for purposes of section 4044) of the benefits of such participant or beneficiary which are guaranteed under section 4022 or to which assets of the plan are allocated under section 4044;

"(20) 'person' has the meaning set forth in section 3(9);

"(21) 'affected party' means, with respect to a plan—

"(A) each participant in the plan,

"(B) each beneficiary under the plan who is a beneficiary of a deceased participant or who is an alternate payee (within the meaning of section 206(d)(3)(K)) under an applicable qualified domestic relations order (within the meaning of section 206(d)(3)(B)(i)),

"(C) each employee organization representing participants in the plan, and

"(D) the corporation,

except that, in connection with any notice required to be provided to the affected party, if an affected party has designated, in writing, a person to receive such notice on behalf of the affected party, any reference to the affected party shall be construed to refer to such person; and

"(22) 'section 4049 trustee', in connection with a terminated single-employer plan, means the trustee appointed under section 4049(a) in connection with the plan.".

SEC. 3305. CLARIFICATION OF AUTHORITY TO FREEZE PLANS.

(a) FREEZING OF PLANS UNDER TITLE IV.—Section 4001 (29 U.S.C. 1301) is amended by adding at the end thereof the following new subsection:

"(c)(1) For purposes of this title, the term 'terminate', when used in connection with a single-employer plan, means to terminate in accordance with section 4041 or 4042.

"(2)(A) The adoption and operation of a provision of a single-employer plan amendment is not a termination for purposes of this title if such provision constitutes a freezing of the plan.

"(B)(i) Except as provided in clause (ii), a provision referred to in subparagraph (A) constitutes a freezing of a plan if and only if the sole effect of the provision is to provide that some or all service performed on or after a specified date (which is or follows the effective date of the amendment) will not be taken into account under the plan solely for purposes of determining (in accordance with section 204 of this Act benefits accrued on or after such specified date.

"(ii) A provision referred to in subparagraph (A) shall not be treated as failing to constitute a freezing of the plan solely because the provision also provides that some or all relevant factors used to determine benefits based on service performed prior to such specified date shall remain constant.

"(C) A provision referred to in subparagraph (A) shall not constitute a freezing of the plan if an effect of the provision is to provide that some or all service performed on or after such specified date will not be taken into account under the plan for purposes of determining (in accordance with section 203) nonforfeitability of benefits accrued before such specified date or for purposes of determining satisfaction of any other requirements for eligibility for benefits accrued before such specified date.".

(b) FREEZING OF PLANS UNDER TITLE I.—

(1) IN GENERAL.—Part 2 of subtitle B of title I is amended—

(A) by redesignating section 211 as section 212; and

(B) by inserting after section 210 the following new section:

"FREEZING OF PLANS

"SEC. 211. (a) The adoption and operation of a provision of a single-employer plan amendment is not a violation of this title if such provision constitutes a freezing of the plan.

"(b)(1) Except as provided in paragraph (2), a provision referred to in subsection (a) constitutes a freezing of a plan if and only if the sole effect of the provision is to provide that some or all service performed on or after a specified date (which is or follows the effective date of the amendment) will not be taken into account under the plan solely for purposes of determining (in accordance with section 204) benefits accrued on or after such specified date.

"(2) A provision referred to in subsection (a) shall not be treated as failing to constitute a freezing of the plan solely because the provision also provides that some or all relevant factors used to determine benefits based on service performed prior to such specified date shall remain constant.

"(c) A provision referred to in subsection (a) shall not constitute a freezing of the plan if an effect of the provision is to provide that some or all service performed on or after such specified date will not be taken into account under the plan for purposes of determining (in accordance with section 203) nonforfeitability of benefits accrued before such specified date or for purposes of determining satisfaction of any other requirements for eligibility for benefits accrued before such specified date.

"(d) A single-employer plan may not be amended on or after the date of the enactment of the Single-Employer Pension Plan Amendments Act of 1985 so as to provide for a freezing of the plan, unless, after adoption of the plan amendment and not less than 60 days before the effective date of the plan amendment, the plan administrator provides to each affected party (as defined in section 4001(a)(21)) a written notice setting forth the plan amendment and its effective date.".

(B) CLERICAL AMENDMENT.—The table of contents in section 1 is amended by striking out the item relating to section 211 and inserting in lieu thereof the following new items:

"Sec. 211. Freezing of plans.
"Sec. 212. Effective dates.".

SEC. 3306. GENERAL REQUIREMENTS RELATING TO TERMINATION OF SINGLE-EMPLOYER PLANS BY PLAN ADMINISTRATORS.

(a) IN GENERAL.—Section 4041 (29 U.S.C. 1341) is amended by striking out subsections (a) through (c) and inserting in lieu thereof the following:

"SEC. 4041. (a) GENERAL RULES GOVERNING SINGLE-EMPLOYER PLAN TERMINATIONS.—

"(1) EXCLUSIVE MEANS OF PLAN TERMINATION.—Except in the case of a termination for which proceedings are otherwise instituted by the corporation as provided in section 4042, a single-employer plan may be terminated only in a standard termination under subsection (b) or a distress termination under subsection (c).

"(2) 60-DAY NOTICE TO AFFECTED PARTIES.—Not less than 60 days before the proposed termination date of a plan termination under subsection (b) or (c), the plan administrator shall provide to each affected party a written notice stating that such termination is intended and the proposed termination date. The written notice shall include any related additional information required in regulations of the corporation.

"(3) PROCEDURE IN THE EVENT OF RELATED ADJUDICATORY PROCEEDINGS.—

"(A) PROCEDURE IN THE CASE OF STANDARD TERMINATION.—In any case in which, during the period beginning on the date on which the plan administrator provides the notice required under paragraph (2) and ending on the proposed termination date specified in such notice, the plan administrator receives written notice from an affected party that there is pending a related adjudicatory proceeding with respect to the proposed standard termination of the plan under subsection (b), the plan administrator—

"(i) shall suspend the termination, by refraining from further processing or implementing the termination during the pendency of such proceeding, or

"(ii) may proceed with the termination, except that, in so proceeding, the plan administrator shall take such actions (including, but not limited to, providing for segregation of plan assets or maintenance of plan records) as are necessary and appropriate to assure that the plan may be effectively restored if the plan is finally determined in any such proceeding to have been terminated in violation of the contractual or statutory rights of any affected party and is ordered in such proceeding to be restored.

During any period of time for which the plan administrator suspends the termination pursuant to clause (i), any applicable time limitation in the termination procedure shall cease to run.

"(B) PROCEDURE IN THE CASE OF DISTRESS TERMINATION.—In the case of a related adjudicatory proceeding with respect to a proposed distress termination of the plan under subsection (c), subparagraph (A) shall apply with respect to such termination and proceeding in the same manner and to the same extent as it applies in the case of a standard termination, except that any reference in subparagraph (A) to the plan administrator shall be considered a reference to the plan administrator and to the corporation or other person serving as trustee under section 4042.

"(C) RELATED ADJUDICATORY PROCEEDING.—For purposes of this paragraph, the term 'related adjudicatory proceeding' means any proceeding (including timely appeals therefrom) commenced by an affected party as—

"(i) a grievance proceeding before an appropriate adjudicative entity,

"(ii) an administrative proceeding before an appropriate governmental agency, or

"(iii) a civil action in a court of competent jurisdiction,

in which the affected party alleges that the proposed termination would violate the contractual or statutory rights of any affected party.

"(D) PENDENCY OF PROCEEDING.—For purposes of this paragraph, a related adjudicatory proceeding shall be treated as pending from the date on which it is commenced until the earlier of—

"(i) the date of a final determination in the proceeding that the proposed termination would not violate the contractual or statutory rights referred to in subparagraph (C), or

"(ii) the date of a preliminary decision by the presiding adjudicative entity, governmental agency, or court that, taking into consideration all the facts and circumstances, the affected party is not likely to prevail in such proceeding and the equities clearly favor discontinuing compliance with clauses (i) and (ii) of subparagraph (A).

"(E) EFFECTS OF SUSPENSION OF TERMINATION.—In any case in which a termination is suspended pursuant to the preceding provisions of this paragraph, if the proposed termination is finally determined in a related adjudicatory proceeding not to be in violation of the contractual or statutory rights of any affected party, the termination of the plan shall be effective as of the proposed termination date.".

(b) DEFINITIONS RELATING TO SUFFICIENCY.—Section 4041(d) (29 U.S.C. 1341(d)) is amended to read as follows:

"(d) SUFFICIENCY.—For purposes of this section—

"(1) SUFFICIENCY FOR BENEFIT ENTITLEMENTS.—A single-employer plan is sufficient for benefit entitlements if there is no amount of unfunded benefit entitlements under the plan.

"(2) SUFFICIENCY FOR GUARANTEED BENEFITS.—A single-employer plan is sufficient for guaranteed benefits if there is no amount of unfunded guaranteed benefits under the plan.".

SEC. 3307. STANDARD TERMINATION OF SINGLE-EMPLOYER PLANS.

(a) IN GENERAL.—Section 4041 (as amended by section 3306 of this Act) is further amended by inserting after subsection (a) the following new subsection:

"(b) STANDARD TERMINATION OF SINGLE-EMPLOYER PLANS.—

"(1) GENERAL REQUIREMENTS.—A single-employer plan may terminate under a standard termination only if—

"(A) when the final distribution of assets occurs, the plan is sufficient for benefit entitlements (determined as of the termination date),

"(B) the plan administrator provides the 60-day advance notice to affected parties required under subsection (a)(2),

"(C) the requirements of subparagraphs (A) and (B) of paragraph (2) are met, and

"(D) the corporation does not issue a notice of noncompliance under subparagraph (C) of paragraph (2).

"(2) TERMINATION PROCEDURE.—

"(A) NOTICE TO THE CORPORATION.—As soon as practicable after the termination date proposed in the notice provided pursuant to subsection (a)(2), the plan administrator shall send a notice to the corporation setting forth—

"(i) certification by an enrolled actuary—

"(I) of the amount of the assets of the plan (as of a proposed date of final distribution of assets),

"(II) of the actuarial present value (as of such date) of the benefit entitlements under the plan, and

"(III) that the plan will be sufficient (as of such date) for benefit entitlements,

"(ii) such information as the corporation may prescribe in regulations as necessary to enable the corporation to make determinations under subparagraph (C), and

"(iii) certification by the plan administrator that the information on which the enrolled actuary based the certification under clause (i) and the information provided to the corporation under clause (ii) is accurate and complete.

"(B) NOTICE TO PARTICIPANTS AND BENEFICIARIES OF BENEFIT ENTITLEMENTS.—At the time a notice is sent by the plan administrator under subparagraph (A), the plan administrator shall send a notice to each person who is a participant or beneficiary under the plan specifying the amount of such person's benefit entitlements (if any), expressed in terms of the normal form of benefits under the plan. Such notice shall be written in such manner as is likely to be understood by the participant or beneficiary and as may be prescribed in regulations of the corporation.

"(C) NOTICE FROM THE CORPORATION OF NONCOMPLIANCE.—

"(i) IN GENERAL.—Within 60 days after receipt of the notice under subparagraph (A), the corporation shall provide the plan administrator with a notice of noncompliance if—

"(I) it has reason to believe that the requirements of subsection (a)(2) and subparagraphs (A) and (B) have not been met, or

"(II) it otherwise determines, on the basis of information provided by affected parties or otherwise obtained by the corporation, that there is reason to believe that the plan is not sufficient for benefit entitlements.

"(ii) EXTENSION.—The corporation and the plan administrator may agree to extend the 60-day period referred to in clause (i) by a written agreement signed by the corporation and the plan administrator before the expiration of the 60-day period. The 60-day period shall be extended as provided in the agreement and may be further extended by subsequent written agreements signed by the corporation and the plan administrator made before the expiration of a previously agreed upon extension of the 60-day period. Any extension may be made upon such terms and conditions (including the payment of benefits) as are agreed upon by the corporation and the plan administrator.

"(D) FINAL DISTRIBUTION OF ASSETS IN ABSENCE OF NOTICE OF NONCOMPLIANCE.—The plan administrator shall commence the final distribution of assets pursuant to the standard termination of the plan as soon as practicable after the expiration of the 60-day (or extended) period referred to in subparagraph (C), but such final distribution may occur only if—

"(i) the plan administrator has not received during such period a notice of noncompliance from the corporation under subparagraph (C), and

"(ii) when such final distribution occurs, the plan is sufficient for benefit entitlements (determined as of the termination date).

"(3) METHODS OF FINAL DISTRIBUTION OF ASSETS.—

"(A) IN GENERAL.—In connection with any final distribution of assets pursuant to the termination of the plan, the plan administrator shall distribute the assets in accord-

ance with section 4044. In distributing such assets, the plan administrator shall—

"(i) purchase irrevocable commitments from an insurer to provide when due the benefit entitlements under the plan and all other benefits (if any) under the plan to which assets are allocated under section 4044, or

"(ii) otherwise fully provide when due the benefit entitlements under the plan and all other benefits (if any) under the plan to which assets are allocated under section 4044 in accordance with the provisions of the plan and any applicable regulations of the corporation.

"(B) CERTIFICATION TO THE CORPORATION OF FINAL DISTRIBUTION OF ASSETS.—Within 30 days after the final distribution of assets is completed pursuant to the termination of the plan, the plan administrator shall send a notice to the corporation certifying that the assets of the plan have been distributed in accordance with the provisions of subparagraph (A) so as to pay when due the benefit entitlements under the plan and all other benefits (if any) under the plan to which assets are allocated under section 4044.

"(4) CONTINUING AUTHORITY.—Nothing in this section shall be construed to preclude the continued exercise by the corporation, after the termination date of a plan terminated in a standard termination under this subsection, of its authority under section 4003 with respect to matters relating to the termination. A certification under paragraph (3)(B) shall not affect the corporation's obligations under section 4022.".

(b) CONFORMING AMENDMENTS.—Section 4041(f) (29 U.S.C. 1341(f)) is amended—

(1) by inserting after "(f)" the following: "CONVERSION OF A DEFINED BENEFIT PLAN TO A DEFINED CONTRIBUTION PLAN TREATED AS A STANDARD TERMINATION.—";

(2) by striking out "subsection (a)" and inserting in lieu thereof "this section"; and

(3) by inserting "in a standard termination" after "terminated".

SEC. 3308. DISTRESS TERMINATION OF SINGLE-EMPLOYER PLANS.

Section 4041 (as amended by sections 3306 and 3307 of this Act) is further amended by inserting after subsection (b) the following new subsection:

"(c) DISTRESS TERMINATION OF SINGLE-EMPLOYER PLANS.—

"(1) IN GENERAL.—A single-employer plan may terminate under a distress termination only if—

"(A) the plan administrator provides the 60-day advance notice to affected parties required under subsection (a)(2),

"(B) the requirements of subparagraph (A) of paragraph (2) are met, and

"(C) the corporation determines that the requirements of subparagraph (B) of paragraph (2) are met.

"(2) TERMINATION REQUIREMENTS.—

"(A) INFORMATION SUBMITTED TO THE CORPORATION.—As soon as practicable after the termination date proposed in the notice provided pursuant to subsection (a)(2), the plan administrator shall provide the corporation, in such form as may be prescribed by the corporation in regulations, the following information:

"(i) such information as the corporation may prescribe by regulation as necessary to make determinations under subparagraph (B) and paragraph (3);

"(ii) certification by an enrolled actuary of—

"(I) the amount (as of the proposed termination date) of the current value of the assets of the plan,

"(II) the actuarial present value (as of such date) of the benefit entitlements under the plan,

"(III) whether the plan is sufficient for benefit entitlements as of such date, and

"(IV) whether the plan is sufficient for guaranteed benefits as of such date;

"(iii) in any case in which the plan is not sufficient for benefit entitlements as of such date—

"(I) the name and address of each participant and beneficiary under the plan as of such date, and

"(II) such other information as shall be prescribed by the corporation by regulation as necessary to enable the section 4049 trustee to be able to make payments to participants and beneficiaries as required under section 4049; and

"(iv) certification by the plan administrator that the information on which the enrolled actuary based the certifications under clause (ii) and the information provided to the corporation under clauses (i) and (iii) is accurate and complete.

"(B) DETERMINATION BY THE CORPORATION OF NECESSARY DISTRESS CRITERIA.—Upon receipt of the notice of distress termination required under subsection (a)(2) and the information required under subparagraph (A), the corporation shall determine whether the requirements of this subparagraph are met as provided in clause (i), (ii), (iii), or (iv).

"(i) RECENT FUNDING WAIVERS.—The requirements of this subparagraph are met if a funding waiver has been granted with respect to the terminating plan with respect to not fewer than three of the five plan years immediately preceding the termination date, and such a waiver has also been granted to each other single-employer plan of which any of the contributing sponsors of the terminating plan or the substantial members of their controlled groups (if any) is a contributing sponsor with respect to at least one of the three plan years immediately preceding the termination date. For purposes of this clause, the term 'funding waiver' means a waiver of the minimum funding standard under section 303.

"(ii) LIQUIDATION IN BANKRUPTCY OR INSOLVENCY PROCEEDINGS.—The requirements of this subparagraph are met if each of the contributing sponsors and the substantial members of their controlled groups (if any) has filed or has had filed against it as of the termination date a petition seeking liquidation in a case under title 11, United States Code (or under any similar law of a State or political subdivision of a State) which has not, as of the termination date, been dismissed or converted to a case under chapter 11 of such title (or under any similar law of a State or political subdivision of a State) in which reorganization is sought.

"(iii) TERMINATION REQUIRED TO ENABLE PAYMENT OF DEBTS WHILE STAYING IN BUSINESS.—The requirements of this subparagraph are met if a contributing sponsor provides to the corporation substantial evidence that, unless a distress termination occurs, the contributing sponsors and the substantial members of such sponsors' controlled groups (if any) will each be unable to pay their respective debts when due and will be unable to continue in business.

"(iv) UNREASONABLY BURDENSOME PENSION COSTS CAUSED BY DECLINING WORKFORCE.—

"(I) IN GENERAL.—The requirements of this subparagraph are met if, as determined under regulations of the corporation, solely as a result of a decline in the workforce covered as participants under all single-employer plans maintained by the contributing sponsors of the terminating plan and the members of their controlled groups, the costs of providing pension coverage have become unreasonably burdensome.

"(II) REQUIREMENT MET BY DOUBLING OF COST RATIOS.—The requirements of subclause (I) shall be considered met if and only if the contribution-wage ratio for the plan year in which the termination date occurs is at least twice the contribution-wage ratio for the applicable preceding plan year, and the contribution-income ratio for the plan year in which the termination date occurs is at least twice the contribution-income ratio for the applicable preceding plan year. The corporation may provide by regulation for application of this clause with respect to the plan year of the terminating plan preceding the year in which the termination date occurs, in lieu of the plan year in which the termination date occurs, in any case in which the corporation determines that such application will enable the corporation to carry out the purposes of this title more equitably and effectively.

"(III) CONTRIBUTION-WAGE RATIO.—For purposes of this clause, the contribution-wage ratio is the ratio of the total required contributions under all single-employer plans of which the persons who are contributing sponsors of the terminating plan or who are members of their controlled groups are contributing sponsors, to the total annualized wages with respect to the active participants under such plans.

"(IV) CONTRIBUTION-INCOME RATIO.—For purposes of this clause, the contribution-income ratio is the ratio of the total required contributions under all single-employer plans of which the persons who are contributing sponsors of the terminating plan or who are members of their controlled groups are contributing sponsors, to the consolidated gross income of such persons.

"(V) APPLICABLE PRECEDING PLAN YEAR.—For purposes of this clause, the applicable preceding plan year is the later of the plan year following the initial effective date of the plan, the earliest of the five immediately preceding plan years (if the plan has completed five or more plan years), or the plan year following the effective date of the most recent plan amendment (if any) increasing benefits which was adopted and took effect before the termination date.

"(C) SUBSTANTIAL MEMBER.—For purposes of subparagraph (B), the term 'substantial member' of a controlled group means a person whose assets comprise 5 percent or more of the total assets of the controlled group as a whole. Such term includes any member of the controlled group who does not meet the requirements of the preceding sentence but did meet such requirements—

"(i) for purposes of subparagraph (B)(i), as of the beginning of the earliest applicable plan year referred to therein, or

"(ii) for purposes of subparagraph (B)(ii), as of the date of the filing of the petition referred to therein.

"(D) NOTIFICATION OF DETERMINATIONS BY THE CORPORATION.—The corporation shall notify the plan administrator as soon as practicable of its determinations made pursuant to subparagraph (B).

"(3) TERMINATION PROCEDURE.—

"(A) DETERMINATIONS BY THE CORPORATION RELATING TO PLAN SUFFICIENCY FOR GUARANTEED BENEFITS AND FOR BENEFIT ENTITLEMENTS.—If the corporation determines that

the requirements for a distress termination set forth in paragraphs (1) and (2) are met, the corporation shall—

"(i) determine whether the plan is sufficient for guaranteed benefits (as of the termination date) or that the corporation is unable to make such determination on the basis of information made available to the corporation,

"(ii) determine whether the plan is sufficient for benefit entitlements (as of the termination date) or that the corporation is unable to make such determination on the basis of information made available to the corporation, and

"(iii) notify the plan administrator of the determinations made pursuant to this subparagraph as soon as practicable.

"(B) IMPLEMENTATION OF TERMINATION.—After the corporation notifies the plan administrator of its determinations under subparagraph (A), the termination of the plan shall be carried out as provided in clause (i), (ii), or (iii).

"(i) CASES OF SUFFICIENCY FOR BENEFIT ENTITLEMENTS.—In any case in which the corporation determines that the plan is sufficient for benefit entitlements, the plan administrator shall proceed to distribute the plan's assets in the manner described in subsection (b)(3), and take such other actions as may be appropriate to carry out the termination of the plan.

"(ii) CASES OF SUFFICIENCY FOR GUARANTEED BENEFITS WITHOUT A FINDING OF SUFFICIENCY FOR BENEFIT ENTITLEMENTS.—In any case in which the corporation determines that the plan is sufficient for guaranteed benefits, but further determines that the plan is not sufficient for benefit entitlements (or that it is unable to determine whether the plan is sufficient for benefit entitlements on the basis of the information made available to it)—

"(I) the plan administrator shall proceed to distribute the plan's assets in the manner prescribed in section 4044,

"(II) the corporation shall appoint a section 4049 trustee as provided in section 4049(a), notify the plan administrator of the identity of the section 4049 trustee, and submit to such trustee copies of the notice of distress termination and other information provided to the corporation pursuant to subsection (a)(2) and clauses (ii), (iii), and (iv) of paragraph (2)(A), and

"(III) the plan administrator shall notify each contributing sponsor and member of such sponsor's controlled group of the identity of the section 4049 trustee and that they may be liable under section 4062 in connection with the termination.

"(iii) CASES WITHOUT ANY FINDING OF SUFFICIENCY.—In any case in which the corporation determines that the plan is not sufficient for guaranteed benefits (or that it is unable to determine whether the plan is sufficient for guaranteed benefits on the basis of the information made available to it)—

"(I) the corporation shall commence proceedings in accordance with section 4042, and

"(II) the corporation and the plan administrator shall take the respective actions required under subclauses (II) and (III) of clause (ii) relating to the section 4049 trustee, unless the corporation determines that all benefit entitlements under the plan are benefits guaranteed by the corporation under section 4022.

"(C) FINDING AFTER AUTHORIZED COMMENCEMENT OF TERMINATION THAT PLAN IS UNABLE TO PAY BENEFITS WHEN DUE.—

"(i) FINDING WITH RESPECT TO GUARANTEED BENEFITS ONLY.—If, after the plan administrator has begun to terminate the plan as authorized by subparagraph (B) (i) or (ii), the corporation or the plan administrator finds that the plan is unable, or will be unable, to pay when due all benefits under the plan which are guaranteed by the corporation under section 4022, the plan administrator shall notify the corporation of such finding as soon as practicable thereafter. If the corporation makes such a finding or concurs with the finding of the plan administrator, it shall institute appropriate proceedings under section 4042.

"(ii) FINDING WITH RESPECT TO BENEFIT ENTITLEMENTS WHICH ARE NOT GUARANTEED BENEFITS.—If, after the plan administrator has begun to terminate the plan as authorized under subparagraph (B)(i), the corporation or the plan administrator finds that the plan is unable, or will be unable, to pay when due benefit entitlements which are not benefits guaranteed by the corporation under section 4022, the plan administrator shall notify the corporation of such finding as soon as practicable thereafter. If the corporation makes such a finding or concurs with the finding of the plan administrator, it shall take the actions set forth in subparagraph (B)(ii)(II) relating to the section 4049 trustee.

"(D) ADMINISTRATION OF THE PLAN DURING INTERIM PERIOD.—During the period commencing on the date on which the plan administrator provides a notice of distress termination to the corporation under subsection (a)(2) and ending on the date on which the plan administrator receives notification from the corporation of its determinations under subparagraph (A), the plan administrator—

"(i) shall refrain from distributing assets or taking any other actions to carry out the proposed termination under this subsection,

"(ii) shall pay benefits attributable to employer contributions, other than death benefits, only in the form of an annuity,

"(iii) shall not use plan assets to purchase irrevocable commitments to provide benefits from an insurer, and

"(iv) shall continue to pay when due all benefit entitlements under the plan, except that, commencing on the proposed termination date, the plan administrator shall limit the payment of benefits under the plan to those benefits which are guaranteed by the corporation under section 4022 or to which assets are required to be allocated under section 4044.

In the event the plan is later determined not to have terminated in a distress termination, any benefits which are not paid solely by reason of clause (iv) shall be due and payable immediately (together with interest).

"(4) RESTORATION OF PLAN TERMINATED ON THE BASIS OF BANKRUPTCY OR INSOLVENCY UPON CONVERSION OF LIQUIDATION PROCEEDINGS TO REORGANIZATION PROCEEDINGS.—In any case in which—

"(A) a single-employer plan has been terminated under a distress termination and the requirements of paragraph (2)(B) in connection with such termination were met solely on the basis of the filing of a petition seeking liquidation in a case under title 11, United States Code (or under a similar law of a State or a political subdivision of a State), as provided in paragraph (2)(B)(ii), and

"(B) during the one-year period following the date of the filing of the petition, such case is dismissed or converted to a case under chapter 11 of such title (or under a similar law of a State or a political subdivision of a State) in which reorganization is sought,

the distress termination shall be void and the plan shall be restored to pretermination status (effective as of the proposed termination date), unless the plan administrator obtains a determination by the corporation that the requirements of paragraph (2)(B) as provided in clause (i), (iii), or (iv) thereof were met as of such date.".

(b) CONFORMING AMENDMENTS.—Section 4041 (as amended by the preceding provisions of this Act) is further amended—

(1) by striking out subsection (e); and

(2) by redesignating subsection (f) as subsection (e).

SEC. 3309. TERMINATION PROCEEDINGS; DUTIES OF THE CORPORATION.

(a) MANDATORY COMMENCEMENT OF PROCEEDINGS UPON INABILITY OF SINGLE-EMPLOYER PLAN TO PAY BENEFITS THAT ARE CURRENTLY DUE.—

(1) IN GENERAL.—Section 4042(a) (29 U.S.C. 1342(a)) is amended by striking out in the second sentence "The corporation" and inserting in lieu thereof the following: "The corporation shall as soon as practicable institute court proceedings under this section to terminate a single-employer plan whenever it determines that the plan does not have assets available to pay benefits that are currently due under the terms of the plan. The corporation".

(2) CONFORMING AMENDMENTS.—

(A) Section 4042(b)(1) (29 U.S.C. 1342(b)(1)) is amended, in the first sentence, by inserting "or is required under subsection (a) to institute court proceedings under this section," after "to a plan".

(B) Section 4042(c) (29 U.S.C. 1342(c)) is amended in the first sentence by striking out "If the corporation" and all that follows down through "it may," and inserting in lieu thereof the following: "If the corporation is required under subsection (a) of this section to commence court proceedings under this section with respect to a plan or, after issuing a notice under this section to a plan administrator, has determined (whether or not a trustee has been appointed under subsection (b)) that the plan should be terminated under this section, it shall,".

(b) CLARIFICATION OF POWER TO COLLECT AMOUNTS DUE THE CORPORATION.—Section 4042(d)(1)(B)(ii) (29 U.S.C. 1342(d)(1)(B)(ii)) is amended by inserting after "amounts due the plan" the following: ", including but not limited to the power to collect from the persons obligated to meet the requirements of section 302 or the terms of the plan".

(c) CONFORMING AMENDMENT.—The heading for section 4042 is amended to read as follows:

"INSTITUTION OF TERMINATION PROCEEDINGS BY THE CORPORATION"

SEC. 3310. AMENDMENTS TO LIABILITY PROVISIONS; LIABILITIES RELATING TO BENEFIT ENTITLEMENTS IN EXCESS OF BENEFITS GUARANTEED BY THE CORPORATION.

(a) LIABILITY FOR DISTRESS TERMINATIONS AND TERMINATIONS BY THE CORPORATION.—Section 4062 (29 U.S.C. 1362) is amended by striking out so much as precedes subsection (e) and inserting in lieu thereof the following:

"LIABILITY FOR TERMINATION OF SINGLE-EMPLOYER PLANS UNDER A DISTRESS TERMINATION OR A TERMINATION BY THE CORPORATION

"SEC. 4062. (a) IN GENERAL.—In any case in which a single-employer plan is terminated in a distress termination under section 4041(c) or a termination otherwise instituted by the corporation under section 4042, any person who is, on the termination date, a contributing sponsor of the plan or a member of such a contributing sponsor's controlled group shall incur liability under this section. The liability under this section of all such persons shall be joint and several. The liability under this section consists of—

"(1) liability to the corporation to the extent provided in subsection (b), and

"(2) liability to the section 4049 trustee to the extent provided in subsection (c).

"(b) LIABILITY TO THE CORPORATION.—

"(1) IN GENERAL.—The liability to the corporation of a person described in subsection (a) shall consist of the sum of—

"(A) the amount of the plan's funding shortage (as defined in subsection (d)(1)), and

"(B) the total amount of unfunded guaranteed benefits (as of the termination date) of all participants and beneficiaries under the plan,

together with interest calculated from the termination date.

"(2) PAYMENT OF LIABILITY TO THE CORPORATION.—

"(A) GENERAL RULE.—Except as provided in subparagraph (B), the liability to the corporation under this subsection shall be due and payable to the corporation as of the termination date, in cash or securities acceptable to the corporation.

"(B) PAYMENTS TO CORPORATION UNDER PROFITS SCHEDULE.—Notwithstanding subparagraph (A), if any person subject to liability under this subsection in connection with a plan termination demonstrates to the satisfaction of the corporation that the liability described in paragraph (1)(B) exceeds 30 percent of the collective net worth of persons subject to liability, any person subject to such liability may satisfy the liability described in paragraph (1)(B) in excess of such 30 percent amount by means of payments under the profits schedule as provided in paragraph (3).

"(3) ANNUAL LIABILITY PAYMENTS UNDER PROFITS SCHEDULE.—

"(A) FORM OF PAYMENTS.—Each person making liability payments under the profits schedule shall be liable to the corporation for an annual payment, in cash or securities acceptable to the corporation, for each of the ten liability payment years in connection with the terminated plan (subject to earlier satisfaction of the liability under paragraph (4)(B)).

"(B) AMOUNT OF ANNUAL PAYMENT.—The amount of each annual payment for a liability payment year shall be equal to 10 percent of the sum of the individual pretax profits (if any) of all persons liable under this section in connection with the plan termination for their respective fiscal years ending during such liability payment year.

"(C) DUE DATE.—A person's liability for each annual liability payment referred to in subparagraph (A) for a liability payment year shall accrue as of the end of such year and shall be paid (together with interest accrued from the end of such year) not later than 30 days after the later of—

"(i) the end of such liability payment year, or

"(ii) the latest date on which any person liable for such payment is required to file a Federal income tax return for a fiscal year ending during such liability payment year (taking into account any applicable extensions of time to file such return).

"(4) SATISFACTION OF LIABILITY UNDER PROFITS SCHEDULE.—Notwithstanding paragraph (3)(A)—

"(A) SATISFACTION OF ANNUAL LIABILITY UPON RECEIPT BY CORPORATION OF 10-PERCENT AMOUNT.—The liability to the corporation of all persons who are subject to the profits schedule under this subsection in connection with the same plan termination shall be satisfied with respect to any liability payment year upon receipt by the corporation of one or more liability payments under paragraph (3) for such liability payment year which equal, in the aggregate, the 10-percent amount described in paragraph (3)(B).

"(B) SATISFACTION OF ENTIRE LIABILITY UNDER PROFITS SCHEDULE.—All liability to the corporation under this subsection in connection with the same plan termination with respect to which payment has commenced under the profits schedule under this subsection may be satisfied with respect to all liability payment years at any time by payment by any person to the corporation of the excess of—

"(i) the total amount of liability to the corporation under this subsection subject to payment under the profits schedule in connection with such termination (plus interest), over

"(ii) the total amount of prior liability payments previously made by all persons to the corporation under the profits schedule under this subsection in connection with such termination (plus interest).

"(C) REFUNDS OF EXCESS PAYMENTS.—The corporation shall refund to the payor (with interest) any amounts paid to the corporation as profits liability payments which are in excess of amounts necessary for satisfaction of liability under subparagraph (A) or (B).

"(5) ALTERNATIVE ARRANGEMENTS.—The corporation and any person liable under this section may agree to alternative arrangements for the satisfaction of liability to the corporation under this subsection.

"(c) LIABILITY TO SECTION 4049 TRUSTEE.—

"(1) IN GENERAL.—A person described in subsection (a) shall be subject to liability to the section 4049 trustee under this subsection if there is an outstanding amount of benefit entitlements under the plan.

"(2) ANNUAL LIABILITY PAYMENTS.—

"(A) FORM OF PAYMENTS.—The liability of any person under this subsection shall consist of an annual payment to the section 4049 trustee, in cash or securities acceptable to the section 4049 trustee, for each of the ten liability payment years in connection with the terminated plan (subject to earlier satisfaction of the liability under paragraph (3)(B)).

"(B) AMOUNT OF ANNUAL PAYMENT.—The amount of each annual payment for a liability payment year shall be equal to 5 percent of the sum of the individual pretax profits (if any) of all persons liable under this section in connection with the plan termination for their respective fiscal years ending during such liability payment year.

"(C) DUE DATE.—A person's liability under this subsection for a liability payment year shall accrue as of the end of such year and shall be paid (with interest accrued from the end of such year) not later than 30 days after the later of—

"(i) the end of such year, or

"(ii) the latest date on which any person subject to liability under this subsection in connection with such termination is required to file a Federal income tax return for a fiscal year ending during such liability payment year (taking into account applicable extensions of time to file such return).

"(3) SATISFACTION OF LIABILITY.—Notwithstanding paragraph (2)(C)—

"(A) SATISFACTION OF ANNUAL LIABILITY UPON RECEIPT BY TERMINATION TRUSTEE OF 5-PERCENT AMOUNT.—The liability to the section 4049 trustee of all persons who are subject to liability under this subsection in connection with the same plan termination shall be satisfied with respect to any liability payment year upon receipt by the section 4049 trustee of one or more liability payments under this subsection for such liability payment year which equal, in the aggregate, the 5-percent amount described in paragraph (2)(B).

"(B) SATISFACTION OF ENTIRE LIABILITY TO SECTION 4049 TRUSTEE.—All liability to the section 4049 trustee of all persons who are subject to liability under this subsection in connection with the same plan termination may be satisfied with respect to all liability payment years at any time by payment by any person to the section 4049 trustee of an amount equal to the excess of—

"(i) the total outstanding amount of benefit entitlements of all participants and beneficiaries under the plan (plus interest), over

"(ii) the total amount of prior liability payments previously made by all persons to the section 4049 trustee under this subsection in connection with such termination (plus interest).

"(C) REFUNDS OF EXCESS PAYMENTS.—The section 4049 trustee shall refund to the payor (with interest) any amount paid to the section 4049 trustee as liability payments which is in excess of amounts necessary for satisfaction of liability under subparagraph (A) or (B).

"(d) DEFINITIONS.—For purposes of this section—

"(1) FUNDING SHORTAGE.—The term 'funding shortage', in connection with a terminated plan, means an amount (as of the termination date) equal to the sum of—

"(A) the outstanding balance of the accumulated funding deficiencies (within the meaning of section 302(a)(2)) of the plan (if any) (which, for purposes of this subparagraph, shall include the amount of any increase in such accumulated funding deficiencies of the plan which would result if all applications for waivers of the minimum funding standard under section 303 and for extensions of the amortization period under section 304 which are pending with respect to such plan were denied),

"(B) the outstanding balance of the amount of waived funding deficiencies of the plan waived before such date under section 303 (if any), and

"(C) the outstanding balance of the amount of decreases in the minimum funding standard allowed before such date under section 304 (if any).

"(2) COLLECTIVE NET WORTH OF PERSONS SUBJECT TO LIABILITY.—

"(A) IN GENERAL.—The collective net worth of persons subject to liability in connection with a plan termination consists of the sum of the individual net worths of all persons who—

"(i) have individual net worths which are greater than zero, and

"(ii) are (as of the termination date) contributing sponsors of the terminated plan or members of their controlled groups.

"(B) DETERMINATION OF NET WORTH.—For purposes of this paragraph, the net worth of a person is—

"(i) determined on whatever basis best reflects, in the determination of the corporation, the current status of the person's operations and prospects at the time chosen for determining the net worth of the person, and

"(ii) increased by the amount of any transfers of assets made by the person which are determined by the corporation to be improper under the circumstances, including any such transfers which would be inappropriate under title 11, United States Code, if the person were a debtor in a case under chapter 7 of such title.

"(C) TIMING OF DETERMINATION.—For purposes of this paragraph, determinations of net worth shall be made as of a day chosen by the corporation (during the 120-day period ending with the termination date) and shall be computed without regard to any liability under this section.

"(3) PRETAX PROFITS.—The term 'pretax profits' means—

"(A) except as provided in subparagraph (B), for any fiscal year of any person, such person's consolidated net income (excluding any extraordinary charges to income and including any extraordinary credits to income) for such fiscal year, as shown on audited financial statements prepared in accordance with generally accepted accounting principles, or

"(B) for any fiscal year of an organization described in section 501(c) of the Internal Revenue Code of 1954, the excess of income over expenses (as such terms are defined for such organizations under generally accepted accounting principles),

before provision for or deduction of Federal or other income tax, any contribution to any single-employer plan of which such person is a contributing sponsor at any time during the period beginning on the termination date and ending with the end of such fiscal year, and any amounts required to be paid for such fiscal year under this section. The corporation may by regulation require such information to be filed on such forms as may be necessary to determine the existence and amount of such pretax profits.

"(4) LIABILITY PAYMENT YEARS.—The liability payment years in connection with a terminated plan consist of the ten consecutive one-year periods, the first of which is the earlier of—

"(A) the first of the consecutive one-year periods, following the last plan year preceding the termination date, in which any person liable under this section in connection with the plan termination earns a pretax profit, or

"(B) the fourth of the consecutive one-year periods following the last plan year preceding the termination date.".

(b) CLERICAL AMENDMENT.—Subsection (e) of section 4062 is amended by inserting "TREATMENT OF SUBSTANTIAL CESSATION OF OPERATIONS.—" after "(e)".

SEC. 3311. DISTRIBUTION TO PARTICIPANTS AND BENEFICIARIES OF LIABILITY PAYMENTS TO SECTION 4049 TRUSTEE.

Subtitle C of title IV is amended by adding at the end thereof the following new section:

"DISTRIBUTION TO PARTICIPANTS AND BENEFICIARIES OF LIABILITY PAYMENTS TO SECTION 4049 TRUSTEE

"SEC. 4049. (a) APPOINTMENTS OF TRUSTEE; ESTABLISHMENT OF TRUST.—Whenever the corporation is required under section 4041(c)(3)(B)(ii) or (iii) to appoint a section 4049 trustee, it shall appoint either itself or another person to act as the section 4049 trustee. The trustee appointed under this section shall establish a separate trust with respect to the terminated plan. The trust established by the section 4049 trustee shall be used exclusively for—

"(1) receiving liability payments under section 4062(c) from the persons who were (as of the termination date) contributing sponsors of the terminated plan and members of their controlled groups,

"(2) making distributions as provided in this section to the persons who were (as of the termination date) participants and beneficiaries under the terminated plan, and

"(3) defraying the reasonable administrative expenses incurred by the section 4049 trustee in carrying out its responsibilities under this section.

The section 4049 trustee shall establish and maintain such trust with respect to the terminated plan for such period of time as is necessary to receive all liability payments required to be made to the trustee under section 4062(c) with respect to the terminated plan and to make all distributions required to be made to participants and beneficiaries under this section with respect to the terminated plan.

"(b) DISTRIBUTIONS BY TRUSTEE.—

"(1) IN GENERAL.—Not later than 30 days after the end of each liability payment year (described in section 4062(d)(4)) with respect to a terminated single-employer plan, the trustee appointed under this section with respect to such plan shall distribute from the trust maintained by the trustee pursuant to subsection (a) to each person who was (as of the termination date) a participant or beneficiary under the plan—

"(A) in any case not described in subparagraph (B), an amount equal to the outstanding amount of benefit entitlements of such person under the plan (including interest calculated from the termination date), to the extent not previously paid under this paragraph, or

"(B) in any case in which the balance in the trust at the end of such year (after taking into account liability payments received under subsection (a)(1) and administrative expenses paid under subsection (a)(3)) is less than the total of all amounts described in subparagraph (A) in connection with all persons who were (as of the termination date) participants and beneficiaries under the terminated plan, the product derived by multiplying—

"(i) the amount described in subparagraph (A) in connection with each such person, by

"(ii) a fraction—

"(I) the numerator of which is such balance in the trust, and

"(II) the denominator of which is equal to the total of all amounts described in subparagraph (A) in connection with all persons who were (as of the termination date) participants and beneficiaries under the terminated plan.

"(2) CARRY-OVER OF MINIMAL PAYMENT AMOUNTS.—The trustee may withhold a payment to any person under this subsection in connection with any liability payment year (other than the last liability payment year with respect to which payments under paragraph (1) are payable) if such payment does not exceed $25. In any case in which such a payment is so withheld, the payment to such person in connection with the next following liability payment year shall be increased by the amount of such withheld payment.

"(c) REGULATIONS.—The corporation may issue such regulations as it considers necessary to carry out the purposes of this section.".

SEC. 3312. TREATMENT OF TRANSACTIONS TO EVADE LIABILITY; EFFECT OF CORPORATE REORGANIZATION.

Subtitle D of title IV is amended by adding at the end thereof the following new section:

"TREATMENT OF TRANSACTIONS TO EVADE LIABILITY; EFFECT OF CORPORATE REORGANIZATION

"SEC. 4069. (a) TREATMENT OF TRANSACTIONS TO EVADE LIABILITY.—If a principal purpose of any person in entering into any transaction is to evade liability under this subtitle in connection with the termination of a single-employer plan under sections 4041 or 4042 and the transaction becomes effective within five years before the termination date, then such person and the members of such person's controlled group (determined as of the termination date) shall be subject to liability under this subtitle in connection with such termination as if such person were a contributing sponsor of the terminated plan as of the termination date. This subsection shall not cause any person to be liable under this subtitle in connection with such plan termination for any increases or improvements in the benefits provided under the plan which are adopted after the date on which the transaction referred to in the preceding sentence becomes effective.

"(b) EFFECT OF CORPORATE REORGANIZATION.—For purposes of this subtitle, the following rules apply in the case of certain corporate reorganizations:

"(1) CHANGE OF IDENTITY, FORM, ETC.—If a person ceases to exist by reason of a reorganization which involves a mere change in identity, form, or place of organization, however effected, a successor corporation resulting from such reorganization shall be treated as the person to whom this subtitle applies.

"(2) LIQUIDATION INTO PARENT CORPORATION.—If a person ceases to exist by reason of liquidation into a parent corporation, the parent corporation shall be treated as the person to whom this subtitle applies.

"(3) MERGER, CONSOLIDATION, OR DIVISION.—If a person ceases to exist by reason of a merger, consolidation, or division, the successor corporation or corporations shall be treated as the person to whom this subtitle applies.".

SEC. 3313. ADDITIONAL ENFORCEMENT AUTHORITY RELATING TO TERMINATIONS OF SINGLE-EMPLOYER PLANS.

Subtitle D of title IV (as amended by section 3312) is further amended by adding at the end thereof the following new section:

"ADDITIONAL ENFORCEMENT AUTHORITY RELATING TO TERMINATIONS OF SINGLE-EMPLOYER PLANS

"SEC. 4070. (a) IN GENERAL.—A person who is with respect to a single-employer plan a fiduciary, employer, contributing sponsor, member of a contributing sponsor's controlled group, participant, or beneficiary, and who is adversely affected by an act or practice of any party in violation of any provision of section 4041, 4042, 4049, 4062, 4063, 4064, or 4069, or an employee organization

which represents such a participant or beneficiary for purposes of collective bargaining with respect to such plan, may bring an action—

"(1) to enjoin such act or practice, or

"(2) to obtain other appropriate equitable relief (A) to redress such violation or (B) to enforce such provision.

"(b) STATUS OF PLAN AS PARTY TO ACTION AND WITH RESPECT TO LEGAL PROCESS.—A single-employer plan may be sued under this section as an entity. Service of summons, subpoena, or other legal process of a court upon a trustee or an administrator of a single-employer plan in such trustee's or administrator's capacity as such shall constitute service upon the plan. If a plan has not designated in the summary plan description of the plan an individual as agent for the service of legal process, service upon the corporation shall constitute such service. The corporation, not later than 15 days after receipt of service under the preceding sentence, shall notify the administrator or any trustee of the plan of receipt of such service. Any money judgment under this section against a single-employer plan shall be enforceable only against the plan as an entity and shall not be enforceable against any other person unless liability against such person is established in such person's individual capacity.

"(c) JURISDICTION AND VENUE.—The district courts of the United States shall have exclusive jurisdiction of civil actions under this section. Such actions may be brought in the district where the plan is administered, where the violation took place, or where a defendant resides or may be found, and process may be served in any other district where a defendant resides or may be found. The district courts of the United States shall have jurisdiction, without regard to the amount in controversy or the citizenship of the parties, to grant the relief provided for in subsection (a) in any action.

"(d) RIGHT OF CORPORATION TO INTERVENE.—A copy of the complaint in any action under this section shall be served upon the corporation by certified mail. The corporation shall have the right in its discretion to intervene in any action.

"(e) RIGHT OF CORPORATION TO ATTORNEY REPRESENTATION.—In all civil actions under this section, attorneys appointed by the corporation may represent the corporation.

"(f) VENUE OF SUITS AGAINST THE CORPORATION.—Suits under this section to review a final determination or order of the corporation, to restrain the corporation from taking any action contrary to the provisions of sections 4041, 4042, 4062, 4063, 4064, and 4069, or to compel the corporation to take action required under such provisions, may be brought in the district court of the United States for the district where the plan has its principal office or in the United States District Court for the District of Columbia.

"(g) AWARDS OF COSTS AND EXPENSES.—

"(1) GENERAL RULE.—In any action brought under this section, the court in its discretion may award all or a portion of the costs and expenses incurred in connection with such action, including reasonable attorney's fees, to any party who prevails or substantially prevails in such action.

"(2) SPECIAL RULE FOR STANDARD TERMINATION VIOLATIONS.—If, in any action brought under this section the plaintiff alleges a violation of any requirement of section 4041(b) (relating to the termination of a single-employer plan in a standard termination), and, in the judgment of the court, the plaintiff substantially prevails on such allegation, the court shall award to the plaintiff the costs and expenses incurred in connection with such action (including reasonable attorney's fees).

"(3) SPECIAL RULE FOR FAILURE TO MAKE LIABILITY PAYMENT.—In the case of a failure to make timely payment of any liability payment under section 4062(c), the court, in any action for enforcement under this section relating to such failure, shall award to the plaintiff the costs and the expenses incurred in connection with such action (including reasonable attorney's fees), unless the defendant demonstrates that the failure to make the liability payment was based on reasonable cause.

"(4) EXEMPTION FOR PLANS.—Notwithstanding the preceding provisions of this subsection, no plan shall be required in any action to pay any costs and expenses (including attorney's fees).

"(h) TIME LIMITATION.—An action under this section may not be brought after the later of—

"(1) 6 years after the date on which the cause of action arose, or

"(2) 3 years after the earliest date on which the plaintiff acquired or should have acquired actual knowledge of the existence of such cause of action; except that in the case of fraud or concealment, such action may be brought not later than 6 years after the date of discovery of the existence of such cause of action.".

SEC. 3314. SECURITY FOR WAIVERS OF MINIMUM FUNDING STANDARD AND EXTENSIONS OF AMORTIZATION PERIOD.

(a) IN GENERAL.—Part 3 of subtitle B of title I is amended—

(1) by redesignating section 306 (29 U.S.C. 1086) as section 307; and

(2) by inserting after section 305 (29 U.S.C. 1085) the following new section:

"SECURITY FOR WAIVERS OF MINIMUM FUNDING STANDARD AND EXTENSIONS OF AMORTIZATION PERIOD

"SEC. 306. (a) IN GENERAL.—Except as provided in subsection (c), the Secretary may require security to a single-employer plan as a condition for granting or modifying a waiver of the minimum funding standard with respect to such plan under section 303 or an extension of an amortization period with respect to such plan under section 304. The providing of such security to the plan in accordance with this section shall not be considered an extension of credit for purposes of part 4 of this subtitle. Such security may be perfected and enforced only by the Pension Benefit Guaranty Corporation or by a contributing sponsor (within the meaning of section 4001(a)(13)) or a member of such a sponsor's controlled group at the direction of the Corporation.

"(b) CONSULTATION WITH THE PENSION BENEFIT GUARANTY CORPORATION AND OTHER INTERESTED PARTIES.—Except as provided in subsection (c), before granting or modifying a waiver of the minimum funding standard with respect to a single-employer plan under section 303 or an extension of the amortization period with respect to such plan under section 304 or taking any other action under this section, the Secretary shall—

"(1) provide the Pension Benefit Guaranty Corporation notice of the proposed waiver, extension, modification, or other action and a reasonable period of time to comment with respect to such waiver, extension, modification, or action and consider any comments of such Corporation relating to such waiver, extension, modification, or action which are provided to the Secretary during such period, and

"(2) consider the views of any other interested parties relating to such waiver, extension, modification, or action which are submitted in writing to such Secretary.

"(c) EXCEPTION.—The requirements of subsections (a) and (b) shall not apply in the case of any waiver, extension, modification, or other action referred to in such subsections with respect to a plan if the sum of—

"(1) the outstanding balance of the accumulated funding deficiencies (within the meaning of section 302(a)(2)) of the plan (which, for purposes of this paragraph, shall include the amount of any increase in such accumulated funding deficiencies of the plan which would result if all applications for waivers of the minimum funding standard under section 303 and for extensions of the amortization period under section 304 which are pending with respect to such plan were denied),

"(2) the outstanding balance of the amount of waived funding deficiencies of the plan waived under section 303, and

"(3) the outstanding balance of the amount of decreases in the minimum funding standard allowed under section 304,

is less than $1,000,000.".

(b) CLERICAL AMENDMENT.—The table of sections in section 1 is amended by striking out the item relating to section 306 and inserting in lieu thereof the following new items:

"Sec. 306. Security for waivers of minimum funding standard and extensions of amortization period.

"Sec. 307. Effective dates.".

(c) EFFECTIVE DATES.—The amendments made by this section shall apply with respect to—

(1) waivers of the minimum funding standard granted on or after the date of the enactment of this Act with respect to a single-employer plan under section 303 of the Employee Retirement Income Security Act of 1974,

(2) extensions of an amortization period granted on or after such date with respect to a single-employer plan under section 304 of such Act, and

(3) modifications granted on or after such date of waivers of the minimum funding standard granted with respect to a single-employer plan under such section 303 on or after such date and modifications granted on or after such date of extensions of the amortization period granted with respect to a single-employer plan under such section 304 on or after such date.

SEC. 3315. CONFORMING, CLARIFYING, TECHNICAL, AND MISCELLANEOUS AMENDMENTS.

(a) CONFORMING AMENDMENTS RELATING TO PLAN TERMINATIONS.—

(1) CREDITS TO PENSION BENEFIT GUARANTY FUNDS.—Section 4005(b)(1)(C) (29 U.S.C. 1305(b)(1)(C)) is amended by inserting "terminated under section 4041(c) or" after "a plan".

(2) APPLICABILITY OF ASSET ALLOCATION RULES.—Section 4044(c) (29 U.S.C. 1344(c)) is amended—

(A) in the first sentence, by striking out "Any" and inserting in lieu thereof "In the case of a distress termination under section 4041(c) or a termination by the corporation under section 4042, any", and by striking out "the period beginning" and all that follows down through "is to be allocated" and inserting in lieu thereof the following: "the period beginning on the date a trustee is appointed under section 4042(b) and ending on the termination date is to be allocated"; and

(B) in the second sentence, by inserting "in such a termination under section 4041(c) or 4042" after "terminated".

(3) TERMINATION DATE.—Section 4048(a) (29 U.S.C. 1348(a)) is amended—

(A) by striking out "date of termination" and inserting in lieu thereof "termination date";

(B) by redesignating paragraphs (1) through (3) as paragraphs (2) through (4), respectively;

(C) in paragraph (2) (as redesignated), by inserting "in a distress termination" after "terminated" and by striking out "section 4041" and inserting in lieu thereof "section 4041(c)";

(D) by inserting before paragraph (2) (as redesignated) the following new paragraph:

"(1) in the case of a plan terminated in a standard termination in accordance with the provisions of section 4041(b), the date specified in the notice provided under section 4041(a)(2),";

and

(E) in paragraph (4) (as redesignated), by striking out "in accordance with the provisions of either section" and inserting in lieu thereof "under section 4041(c) or 4042".

(4) CONFORMING AMENDMENTS TO SPECIAL LIABILITY RULES RELATING TO CERTAIN SINGLE-EMPLOYER PLANS WITH MULTIPLE CONTROLLED GROUPS.—

(A) LIABILITY OF SUBSTANTIAL EMPLOYER FOR WITHDRAWAL.—

(i) Section 4063(a) (29 U.S.C. 1363(a)) is amended—

(I) by striking out "plan under which more than one employer makes contributions (other than a multiemployer plan)" and inserting in lieu thereof "single-employer plan which has two or more contributing sponsors at least two of whom are not under common control";

(II) in paragraph (1), by striking out "withdrawal of a substantial employer" and inserting in lieu thereof "withdrawal during a plan year of a substantial employer for such plan year";

(III) in paragraph (2), by striking out "of such employer" and all that follows and inserting in lieu thereof "of all persons with respect to the withdrawal of the substantial employer.";

(IV) by striking out "whether such employer is liable for any amount under this subtitle with respect to the withdrawal" and inserting in lieu thereof "whether there is liability resulting from the withdrawal of the substantial employer"; and

(V) by striking out "notify such employer" and inserting in lieu thereof "notify the liable persons".

(ii) Section 4063(b) (29 U.S.C. 1363(b)) is amended—

(I) by striking out "an employer" and all that follows down through "shall be liable" and inserting in lieu thereof "any one or more contributing sponsors who withdraw, during a plan year for which they constitute a substantial employer, from a single-employer plan, to which section 4021 applies and which has two or more contributing sponsors at least two of whom are not under common control, shall, upon notification of such contributing sponsors by the corporation as provided by subsection (a), be liable, together with the members of their controlled groups,";

(II) by striking out "such employer's";

(III) by striking out "the employer's withdrawal" and inserting in lieu thereof "the withdrawal referred to in subsection (a)(1)";

(IV) in paragraph (1), by striking out "such employer" and inserting in lieu thereof "such contributing sponsors";

(V) in paragraph (2), by striking out "all employers" and inserting in lieu thereof "all contributing sponsors"; and

(VI) by striking out "the liability of each such employer" and inserting in lieu thereof "such liability".

(iii) Section 4063(c) (29 U.S.C. 1363(c)) is amended—

(I) in paragraph (1), by striking out "In lieu of payment of his liability under this section the employer" and inserting in lieu thereof "In lieu of payment of a contributing sponsor's liability under this section the contributing sponsor";

(II) in paragraph (2), by inserting "under section 4041(c) or 4042" after "terminated", by striking out "of such employer", and by striking out "to the employer (or his bond cancelled)" and inserting in lieu thereof "(or the bond cancelled)"; and

(III) in paragraph (3), by inserting "under section 4041(c) or 4042" after "terminates".

(iv) Section 4063(d) (29 U.S.C. 1363(d)) is amended—

(I) by striking out "Upon a showing by the plan administrator of a plan (other than a multiemployer plan) that the withdrawal from the plan by any employer or employers has resulted" and inserted in lieu thereof "Upon a showing by the plan administrator of the plan that the withdrawal from the plan by one or more contributing sponsors has resulted";

(II) by striking out "by employers"; and

(III) in paragraph (1), by striking out "their employer's" and inserting in lieu thereof "the".

(v) Section 4063(e) (29 U.S.C. 1363(e)) is amended—

(I) by striking out "to any employer or plan administrator"; and

(II) by striking out "all other employers" and inserting in lieu thereof "contributing sponsors".

(vi) The heading for section 4063 is amended by adding at the end thereof the following "FROM SINGLE-EMPLOYER PLANS UNDER MULTIPLE CONTROLLED GROUPS.".

(B) ALLOCATION OF LIABILITY UPON TERMINATION OF CERTAIN SINGLE-EMPLOYER PLANS.—

(i) Section 4064(a) (29 U.S.C. 1364(a)) is amended—

(I) by striking out "all employers who maintain a plan under which more than one employer makes contributions (other than a multiemployer plan)" and inserting in lieu thereof "all contributing sponsors of a single-employer plan which has two or more contributing sponsors at least two of whom are not under common control"; and

(II) by inserting "under section 4041(c) or 4042" after "terminated".

(ii) Section 4064(b) (29 U.S.C. 1364(b)) is amended—

(I) by striking out "liability of each such employer" and inserting in lieu thereof "liability with respect to each contributing sponsor and each member of its controlled group";

(II) by striking out "under section 4062(b)(1)";

(III) by striking out "each employer" the first place it appears and inserting in lieu thereof "each contributing sponsor and member of its controlled group";

(IV) in paragraph (1), by striking out "each employer" and inserting in lieu thereof "members of such controlled group";

(V) in paragraph (2), by striking out "such employers" and inserting in lieu thereof "contributing sponsors";

(VI) by striking out "5 years," in paragraph (2) and all that follows down through "employer." and inserting in lieu thereof "5 years."; and

(VII) in the last sentence, by striking out "of each such employer" and inserting in lieu thereof "of each such contributing sponsor and member of its controlled group".

(iii) The heading for section 4064 is amended to read as follows:

"LIABILITY ON TERMINATION OF SINGLE-EMPLOYER PLANS UNDER MULTIPLE CONTROLLED GROUPS".

(C) ANNUAL NOTIFICATION TO SUBSTANTIAL EMPLOYERS.—Section 4066 (29 U.S.C. 1366) is amended—

(i) by striking out "each plan under which contributions are made by more than one employer (other than a multiemployer plan)" and inserting in lieu thereof "each single-employer plan which has at least two contributing sponsors at least two of whom are not under common control";

(ii) by striking out "any employer making contributions under that plan" and inserting in lieu thereof "any contributing sponsor of the plan"; and

(iii) by striking out "that he is a substantial employer" and inserting in lieu thereof "that such contributing sponsor comprises with others a substantial employer".

(5) ADDITIONAL AMENDMENTS RELATING TO RECOVERY OF AMOUNTS OF LIABILITY.—

(A) Section 4067 (29 U.S.C. 1367) is amended—

(i) by striking out "employers" and inserting in lieu thereof "contributing sponsors and members of their controlled groups"; and

(ii) by inserting "of amounts of liability to the corporation accruing as of the termination date" after "deferred payment".

(B)(i) Section 4068 (29 U.S.C. 1368) is amended—

(I) in subsection (a), by striking out "employer or employers" each place it appears and inserting in lieu thereof "person", and by striking out "neglect or refuse" and inserting in lieu thereof "neglects or refuses";

(II) in subsection (d)(1), by striking out "employer" and inserting in lieu thereof "liable person";

(III) in subsection (d)(2), by striking out "employer" each place it appears and inserting in lieu thereof "liable person"; and

(IV) in subsection (e), by striking out "employer or employers" and inserting in lieu thereof "liable person".

(ii) Section 4068 is further amended by striking out the second sentence in subsection (c)(1) (29 U.S.C. 1368(c)(1)) and inserting in lieu thereof the following:

"Such section 6323 shall be applied for purposes of this section by disregarding subsection (g)(4) and by substituting—

"(A) 'lien imposed by section 4068 of the Employee Retirement Income Security Act of 1974' for 'lien imposed by section 6321' each place it appears in subsections (a), (b), (c)(1), (c)(4)(B), (d), (e), and (h)(5);

"(B) 'the corporation' for 'the Secretary' in subsections (a) and (b)(9)(C);

"(C) 'the payment of the amount on which the lien is based' for 'the collection of any tax under this title' in subsection (b)(3);

"(D) 'a person whose property is subject to the lien' for 'the taxpayer' in subsections (b)(8), (c)(2)(A)(i) (the first place it appears), (c)(2)(A)(ii), (c)(2)(B), (c)(4)(B), and (c)(4)(C) (in the matter preceding clause (i));

"(E) 'such person' for 'the taxpayer' in subsections (c)(2)(A)(i) (the second place it appears) and (c)(4)(C)(ii);

"(F) 'payment of the loan value of the amount on which the lien is based is made to the corporation' for 'satisfaction of a levy pursuant to section 6332(b)' in subsection (b)(9)(C);

"(G) 'section 4068 lien' for 'tax lien' each place it appears in subsections (c)(1), (c)(2)(A), (c)(2)(B), (c)(3)(B)(iii), (c)(4)(B), (d), and (h)(5); and

"(H) 'the date on which the lien is first filed' for 'the date of the assessment of the tax' in subsection (g)(3)(A).".

(b) CLARIFICATION OF DESCRIPTION OF CERTAIN INFORMATION REQUIRED TO BE FILED IN ANNUAL REPORT.—

(1) IN GENERAL.—Section 103(d)(6) (29 U.S.C. 1023(d)(6)) is amended to read as follows:

"(6) Information required in regulations of the Pension Benefit Guaranty Corporation with respect to:

"(A) the current value of the assets of the plan,

"(B) the present value of all nonforfeitable benefits for participants and beneficiaries receiving payments under the plan,

"(C) the present value of all nonforfeitable benefits for all other participants and beneficiaries,

"(D) the present value of all accrued benefits which are not nonforfeitable (including a separate accounting of such benefits which are benefit entitlements, as defined in section 4001(a)(16)), and

"(E) the actuarial assumptions and techniques used in determining the values described in subparagraphs (A) through (D).".

(2) CONFORMING AMENDMENT.—Section 104(a)(2)(A) (29 U.S.C. 1024(a)(2)(A)) is amended by striking out the second sentence.

(3) TRANSITION RULES.—Any regulations, modifications, or waivers which have been issued by the Secretary of Labor with respect to section 103(d)(6) of the Employee Retirement Income Security Act of 1974 (as in effect immediately before the date of the enactment of this Act) shall remain in full force and effect until modified by any regulations with respect to such section 103(d)(6) prescribed by the Pension Benefit Guaranty Corporation.

(c) ADDITIONAL AMENDMENTS.—

(1) DEFINITIONS FOR TITLE I.—Section 3 (29 U.S.C. 1002) is amended—

(A) in paragraph (37)(A), by inserting "pension" before "plan"; and

(B) by adding after paragraph (40) the following new paragraph:

"(41) The term 'single-employer plan' means any pension plan which is not a multiemployer plan.".

(2) NOTICE OF REQUEST FOR WAIVERS OF MINIMUM FUNDING STANDARDS AND RIGHT TO SUBMIT RELEVANT INFORMATION.—Section 303 (29 U.S.C. 1083) is amended—

(A) by redesignating subsection (d) as subsection (e); and

(B) by inserting after subsection (c) the following new subsection:

"(d)(1) Before granting a waiver under this section, the Secretary shall require that the applicant provide evidence satisfactory to the Secretary that the applicant has notified each affected party (within the meaning of section 4001(a)(21)) that the waiver has been requested.

"(2) After granting a waiver under this section, the Secretary may (subject to section 306) modify the terms and conditions under which the waiver was granted if the Secretary determines that this is appropriate taking into account all the facts and circumstances.

"(3) The Secretary shall consider any relevant information submitted by a recipient of the notification described in paragraph (1) relating to the propriety of granting the waiver or of subsequently modifying the terms and conditions thereof.".

(3) NOTICE OF REQUEST FOR EXTENSIONS OF AMORTIZATION PERIOD AND RIGHT TO SUBMIT RELEVANT INFORMATION.—Section 304 (29 U.S.C. 1084) is amended by adding at the end thereof the following new subsection:

"(c)(1) Before granting an extension under this section, the Secretary shall require that the applicant provide evidence satisfactory to the Secretary that the applicant has notified each affected party (within the meaning of section 4001(a)(21)) that the extension has been requested.

"(2) After granting an extension under this section, the Secretary may (subject to section 306) modify the terms and conditions under which the extension was granted if the Secretary determines that this is appropriate taking into account all the facts and circumstances.

"(3) The Secretary shall consider any relevant information submitted by a recipient of the notification described in paragraph (1) relating to the propriety of granting the extension or of subsequently modifying the terms and conditions thereof.".

(4) TECHNICAL CORRECTION.—Section 4003(f) (29 U.S.C. 1303(f)) is amended, in the first sentence, by striking out "employee" and inserting in lieu thereof "employer".

(5) REPEAL OF EXPIRED AUTHORITY.—Section 4004 (29 U.S.C. 1304) is repealed.

(6) VOTING BY CORPORATION OF STOCK PAID AS LIABILITY.—Section 4005 (29 U.S.C. 1305) is amended by adding at the end thereof the following new subsection:

"(g) Any stock in a person liable to the corporation under this title which is paid to the corporation by such person or a member of such person's controlled group in satisfaction of such person's liability under this title may be voted only by the custodial trustees or outside money managers of the corporation.".

(7) EFFECTIVE YEARS.—Section 4022(b)(7) (29 U.S.C. 1322(b)(7)) is amended by striking out "following" and inserting in lieu thereof "beginning with".

(8) TREATMENT OF PRE-RETIREMENT SURVIVOR BENEFITS.—Section 4022 (29 U.S.C. 1322) is amended by adding at the end thereof the following new subsection:

"(d) For purposes of subsection (a), a pre-retirement survivor benefit with respect to a participant under a terminated single-employer plan shall not be treated as forfeitable solely because the participant has not died as of the termination date.".

(9) CONFORMING AMENDMENT.—Section 4042(d)(3) (29 U.S.C. 1342(d)(3)) is amended by striking out "same duties as a trustee appointed under section 47 of the Bankruptcy Act" and inserting in lieu thereof "same duties as those of a trustee under section 704 of title 11, United States Code".

(10) CLERICAL CORRECTIONS.—Section 4044(a)(4) (29 U.S.C. 1344(a)(4)(A)) is amended—

(A) in subparagraph (A), by striking out "section 4022(b)(5)" and inserting in lieu thereof "section 4022B(a)"; and

(B) in subparagraph (B), by striking out "section 4022(b)(6)" and inserting in lieu thereof "section 4022(b)(5)".

(11) RELEASE OF LIEN.—Section 4068(e) (29 U.S.C. 1368(e)) is amended by striking out ", with the consent of the board of directors,".

(d) AMENDMENTS TO THE TABLE OF CONTENTS OF ERISA.—The table of contents in section 1 is amended—

(1) by striking out the item relating to section 4004;

(2) by striking out the item relating to section 4042 and inserting in lieu thereof the following new item:

"Sec. 4042. Institution of termination proceedings by the corporation.";

(3) by inserting after the item relating to section 4048 the following new item:

"Sec. 4049. Distribution to participants and beneficiaries of liability payments to section 4049 trustee."; and

(4) by striking out the items relating to subtitle D of title IV and inserting in lieu thereof the following new items:

"Subtitle D—Obligations of the Corporation; Liability of Employers and Other Persons

"Sec. 4061. Amounts payable by the corporation.

"Sec. 4062. Liability for termination of single-employer plans under a distress termination or a termination by the corporation.

"Sec. 4063. Liability of substantial employer for withdrawal from single-employer plans under multiple controlled groups.

"Sec. 4064. Liability on termination of single-employer plans under multiple controlled groups.

"Sec. 4065. Annual report of plan administrator.

"Sec. 4066. Annual notification of substantial employers.

"Sec. 4067. Recovery of employer liability for plan termination.

"Sec. 4068. Lien for liability of employer.

"Sec. 4069. Treatment of transactions to evade liability; effect of corporate reorganization.

"Sec. 4070. Additional enforcement authority relating to terminations of single-employer plans.".

SEC. 3316. EFFECTIVE DATE.

(a) IN GENERAL.—Except as otherwise provided in this subtitle, the provisions of this subtitle shall take effect on the date of enactment of this Act.

(b) TRANSITIONAL RULE.—If a single-employer plan which has not terminated under title IV of the Employee Retirement Income Security Act of 1974 fails to meet the requirements of the amendments made by this subtitle but is administered in a manner which meets such requirements, such plan need not be amended to meet such requirements until the earlier of—

(1) the date on which such plan is first amended after the date of the enactment of this Act, or

(2) the beginning of the first plan year beginning after December 31, 1989.

Subtitle D—Continuation Coverage Under Group Health Plans

SEC. 3401. TEMPORARY EXTENSION OF COVERAGE AT GROUP RATES FOR FAMILY MEMBERS OF DECEASED, DIVORCED, OR MEDICARE-ELIGIBLE WORKERS.

(a) IN GENERAL.—Subtitle B of title I of the Employee Retirement Income Security Act of 1974 is amended by adding at the end thereof the following new part:

"PART 6—CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS

"SEC. 601. REQUIRED OPTION OF CONTINUATION COVERAGE WHEN QUALIFIED BENEFICIARY WOULD LOSE COVERAGE.

"The plan sponsor of each group health plan shall provide under such plan, in accordance with this part, to each qualified beneficiary who would lose coverage under the plan because of a qualifying event the option of electing continuation coverage under the plan.

"SEC. 602. ELECTION.

"(a) ELECTION PERIOD.—The option of electing continuation coverage must be offered during a period that—

"(1) begins not later than the termination date (as defined in section 603(2))

"(2) is of at least 60 days duration, and

"(3) ends not earlier than 60 days after the date the qualified beneficiary is notified under section 606(4) or the termination date, whichever date is later.

"(b) EFFECT OF ELECTION ON OTHER BENEFICIARIES.—Unless otherwise specified in the election, any such election by a qualified beneficiary described in section 607(3)(A) shall be deemed to include an election of continuation coverage on behalf of any other qualified beneficiary whose coverage would, but for continuation coverage provided in accordance with this paragraph, be affected by the qualifying event.

"SEC. 603. QUALIFYING EVENT AND TERMINATION DATE.

"For purposes of this part—

"(1) QUALIFYING EVENT.—A 'qualifying event' under a group health plan, with respect to a covered employee, is any of the following events if coverage of a qualified beneficiary under the plan would, but for continuation coverage provided in compliance with this paragraph, be terminated by the occurrence of the event:

"(A) The death of the covered employee.

"(B) The divorce or separation of the covered employee from the employee's spouse.

"(C) The covered employee becoming entitled to benefits under title XVIII of the Social Security Act.

"(2) TERMINATION DATE.—The term 'termination date' means, with respect to a qualifying event, the date on which coverage of a qualified beneficiary under a group health plan would be terminated under the plan but for continuation coverage provided in compliance with this part.

"SEC. 604. TERMS OF CONTINUATION COVERAGE.

"Any continuation coverage elected by or on behalf of a qualified beneficiary shall meet the following requirements:

"(1) NO REQUIREMENT OF INSURABILITY.—The coverage may not be conditioned upon, or discriminate on the basis of lack of, evidence of insurability.

"(2) CONTINUED BENEFITS.—The coverage shall consist of coverage which is identical to the coverage provided under the plan to similarly situated beneficiaries under the plan with respect to whom a qualifying event has not occurred.

"(3) PERIOD OF CONTINUED COVERAGE.—The coverage shall be for a period commencing upon the termination date and ending not earlier than the earliest of the following:

"(A) MAXIMUM OF FIVE YEARS.—Five years after the termination date.

"(B) END OF PLAN.—The date on which the plan sponsor ceases to provide any group health plan to employees.

"(C) FAILURE TO PAY PREMIUMS.—The date on which there is a failure in making timely payment of any premium required under the plan with respect to the qualified beneficiary.

"(D) REEMPLOYMENT OR MEDICARE ELIGIBILITY.—The date on which the qualified beneficiary first becomes or could become, after the date of the election, a covered employee under any other group health plan or becomes entitled to benefits under title XVIII of the Social Security Act.

"(E) REMARRIAGE OF SPOUSE.—In the case of a qualified beneficiary described in section 607(3)(A), the date on which the beneficiary remarries and becomes (or could become) covered under a group health plan as the spouse of a covered employee.

"(F) CHILD TURNING MAJORITY.—In the case of an individual who is a qualified beneficiary by reason of having been a covered dependent child of a covered employee, the date on which the individual ceases to be a covered dependent child of the covered employee.

"(4) CONVERSION OPTION.—In the case of a qualified beneficiary whose period of continued coverage expires under paragraph (3)(A), the plan must provide to the beneficiary, during the 180-day period ending on the date of expiration of the period of continued coverage, the option of enrollment under a conversion health plan otherwise generally available to beneficiaries under the plan.

"SEC. 605. PREMIUMS FOR CONTINUATION COVERAGE.

"(a) AMOUNT.—The total premium charged under a group health plan with respect to any qualified beneficiary for continuation coverage under the plan shall not exceed the sum of employer premiums and employee premiums generally charged with respect to coverage under the plan of similarly situated beneficiaries with respect to whom a qualifying event has not occurred. The total of all premiums charged under the plan in any plan year may be based upon reasonably anticipated community costs for such plan year of the entire pool of covered employees and other beneficiaries under the plan, including qualified beneficiaries receiving continuation coverage under the plan under this part.

"(b) PAYMENTS.—The plan may provide for payment of the total premium by the qualified beneficiary receiving such coverage, or for payment of all or part of such premium by the plan sponsor, employer, or other party and payment of the remainder of such premium by such beneficiary. The plan shall provide for payment of any premium by a qualified beneficiary in monthly installments if so elected by such beneficiary. If an election is made during an election period but after the termination date, the plan shall permit payment of any premium for continuation coverage during the preceding period to be made within 45 days of the date of the election.

"(c) PREMIUM CHARGED DEFINED.—As used in this section, the term 'premium charged' means any amount payable with respect to the provision of coverage under a group health plan.

"SEC. 606. NOTICE REQUIREMENTS.

"In accordance with regulations of the Secretary—

"(1) the group health plan must provide, at the time of commencement of coverage under the plan, for written notice to each covered employee and spouse of the employee (if any) of the rights provided under this part;

"(2) the employer of an employee under the plan must notify the group health plan administrator if the employer knows or has reason to know that the covered employee has died;

"(3) each covered employee is responsible for notifying the group health plan administrator of the occurrence of any qualifying event (other than that described in section 603(1)(A)) with respect to such employee; and

"(4) the group health plan administrator must notify each qualified beneficiary, within a period of 14 days after the date the administrator is notified concerning the occurrence of a qualifying event affecting such beneficiary, of—

"(A) the termination date with respect to such beneficiary, and

"(B) such beneficiary's right to elect continuation coverage under this part and the election period established under section 602(a) during which such beneficiary can exercise that right.

For purposes of paragraph (4), any notification to an individual who is a qualified beneficiary as the spouse of the covered employee shall be treated as notification to all other qualified beneficiaries residing with such spouse at the time such notification is made.

"SEC. 607. DEFINITIONS.

"For purposes of this part—

"(1) GROUP HEALTH PLAN.—

"(A) IN GENERAL.—The term 'group health plan' means any employee welfare benefit plan of, or contributed to by, a plan sponsor to provide medical care to employees, former employees, or the families of such employees or former employees, directly or through insurance, reimbursement, or otherwise.

"(B) MEDICAL CARE.—For purposes of this paragraph, the term 'medical care' means amounts paid—

"(i) for the diagnosis, cure, mitigation, treatment, or prevention of disease, or for the purpose of affecting any structure or function of the body,

"(ii) for transportation primarily for and essential to medical care referred to in clause (i), or

"(iii) for insurance (including amounts paid as premiums under part B of title XVIII of the Social Security Act, relating to supplementary medical insurance for the aged) covering medical care referred to in clauses (i) and (ii).

"(2) COVERED EMPLOYEE.—The term 'covered employee' means an individual who is (or was) provided coverage under a group health plan by virtue of the individual's employment or previous employment with an employer.

"(3) QUALIFIED BENEFICIARY.—The term 'qualified beneficiary' means, with respect to a covered employee under a group health plan, any other individual who, on the date before the date of a qualifying event for that employee—

"(A) is a beneficiary under the plan as the spouse of the employee and has been married to the employee for at least the immediately preceding 30-day period, or

"(B) is a beneficiary under the plan as a covered dependent child of the employee.

"(4) COVERED DEPENDENT CHILD.—The term 'covered dependent child' means, with respect to a covered employee, an individual who meets the generally applicable requirements of the plan for treatment as a dependent child covered under the plan by reason of the coverage of the employee under the plan.

"(5) GROUP HEALTH PLAN ADMINISTRATOR.—The term 'group health plan administrator'

means, in connection with a group health plan, the plan administrator.

"SEC. 608. REGULATIONS.

"The Secretary may prescribe regulations to carry out the provisions of this part.".

(b) PENALTY FOR FAILURE TO PROVIDE NOTICE.—Section 502(c) of such Act (29 U.S.C. 1132(c)) is amended by inserting after "such request" the following: ", or who fails to meet the requirements of paragraph (1) or (4) of section 606 with respect to a participant or beneficiary,".

(c) CLERICAL AMENDMENTS.—The table of contents in section 1 of such Act is amended by inserting after the item relating to section 514 the following new items:

"PART 6—CONTINUATION COVERAGE UNDER GROUP HEALTH PLANS

"Sec. 601. Required option of continuation coverage when qualified beneficiary would lose coverage.
"Sec. 602. Election.
"Sec. 603. Qualifying event and termination date.
"Sec. 604. Terms of continuation coverage.
"Sec. 605. Premiums for continuation coverage.
"Sec. 606. Notice requirements.
"Sec. 607. Definitions.
"Sec. 608. Regulations.".

SEC. 3402. EFFECTIVE DATES.

(a) GENERAL RULE.—The amendments made by this subtitle shall apply to plan years beginning on or after January 1, 1986.

(b) SPECIAL RULE FOR COLLECTIVE BARGAINING AGREEMENTS.—In the case of a group health plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this subtitle shall not apply to plan years beginning before the earlier of—

(1) the date on which the last of the collective bargaining agreements relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(2) January 1, 1987.

For purposes of paragraph (1), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

SEC. 3403. NOTIFICATION TO COVERED EMPLOYEES.

At the time that the amendments made by this subtitle apply to a group health plan (within the meaning of section 607(1) of the Employee Retirement Income Security Act of 1974, the plan shall notify each covered employee, and spouse of the employee (if any), who is covered under the plan at that time of the continuation coverage required under part 6 of subtitle (B) of title I of such Act. The notice furnished under this section is in lieu of notice that may otherwise be required under section 606(1) of such Act.

TITLE IV—COMMITTEE ON ENERGY AND COMMERCE

Subtitle A—Synthetic Fuels

SEC. 4101. SHORT TITLE.

This subtitle may be cited as the "Synthetic Fuels Fiscal Responsibility Act".

SEC. 4102. FINDINGS AND PURPOSES.

Section 100 of the Energy Security Act (42 U.S.C. 8701) is amended to read as follows:

"FINDINGS AND PURPOSES

"SEC. 100. (a) The Congress finds and declares that—

"(1) the reduction of unnecessary Federal spending is essential to reducing the budget deficit, and important to the health of the national economy and the well-being of our citizens;

"(2) the United States Synthetic Fuels Corporation has failed in its mission, has spent funds on unreasonable and excessive personnel and administrative costs, and is not the appropriate institution to carry out a scaled down synthetic fuels assistance program;

"(3) such a program can best be carried out by the Department of Energy under standard Government procedures regarding conflicts-of-interest, salaries and benefits, and public access to information;

"(4) the achievement of energy security for the United States is essential to the long-term health of the national economy, the well-being of our citizens, and the maintenance of national security;

"(5) the petroleum industry and petroleum consumers have been subject to alternating cycles of shortage and oversupply, which has disrupted and inhibited the orderly development of alternatives to continually depleting petroleum supplies; and

"(6) the vulnerability of the United States to oil supply interruptions or world energy price increases can be reduced by a limited program to develop the capability to produce synthetic fuels from the vast available domestic resources.

"(b)(1) The purposes of this Act are to reduce the budget deficit, to improve the Nation's balance of payments, to reduce the threat of economic disruption from oil supply interruptions or price increases, to improve the Nation's environmental quality, and to increase the Nation's security by reducing its future dependence on imported oil.

"(2) Congress declares that these purposes can be served by—

"(A) abolishing the United States Synthetic Fuels Corporation, transferring to the Department of Energy its functions and authorizing funds for a smaller synthetic fuels assistance program to be administered by the Secretary of Energy; and

"(B) providing limited financial support for capital and operating expenses of commercial scale synthetic fuel plants at the smallest scale which will encourage the replication of commercial scale technologies.".

SEC. 4103. ABOLITION OF THE UNITED STATES SYNTHETIC FUELS CORPORATION.

Subtitle B of part B of title I of the Energy Security Act is amended to read as follows:

"SUBTITLE B—ABOLITION OF CORPORATION

"CESSATION OF COMMITMENTS

"SEC. 115. The Corporation shall not enter into any legally binding commitment, including any increase or addition to an existing commitment, under this part after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.

"TEMPORARY OPERATIONS

"SEC. 116. (a) The Board of Directors of the Corporation is disestablished and the Directors shall be discharged on the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.

"(b) The Secretary, or the designated representative of the Secretary, shall be the Chief Operating Officer of the Corporation.

"(c) The Secretary shall dispose of all assets of the Corporation not necessary for the operation of the synthetic fuels assistance program described in sections 125 and 126, shall transfer to the Department of Energy all other assets of the Corporation, and shall take such other steps as are necessary to terminate the affairs of the Corporation.

"(d) No officer or employee of the Corporation shall receive a salary for the period after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act in excess of the rate of basic pay payable for level IV of the Executive Schedule under title 5 of the United States Code.

"(e)(1) The Director of the Office of Personnel Management shall, within 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act, determine—

"(A) the amount of compensation rights which have vested under contract with respect to each Director, officer, or employee of the Corporation; and

"(B) the extent of compensation claims made by each such Director, officer, or employee that are not vested under contract and are unreasonable or excessive.

"(2) No payments of any amounts described in paragraph (1)(B) shall be made to any Director, officer, or employee of the Corporation by the Secretary, the Corporation, or the United States.

"ABOLITION

"SEC. 117. The Corporation shall be abolished and all officers and employees of the Corporation discharged 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.".

SEC. 4104. SYNTHETIC FUELS ASSISTANCE PROGRAM.

Subtitle C of part B of title I of the Energy Security Act is amended to read as follows:

"SUBTITLE C—SYNTHETIC FUELS ASSISTANCE PROGRAM

"SECRETARY'S RESPONSIBILITIES

"SEC. 125. (a)(1) The Secretary shall assume the responsibility for administering under this part the synthetic fuels program formerly administered by the Corporation, and shall assume all legally binding obligations and contractual rights and responsibilities of the Corporation in connection therewith. Liability to the United States under this paragraph is limited to the extent of budget authority for such purposes provided by law before the date of enactment of the Synthetic Fuels Fiscal Responsibility Act.

"(2) This subsection shall take effect on the date of enactment of the Synthetic Fuels Fiscal Responsibility Act or on October 1, 1985, whichever occurs later.

"(b)(1) The Secretary shall administer the modified synthetic fuels assistance program described in section 126(a), to the extent provided in advance in appropriation Acts.

"(2)(A) For purposes of determining the Secretary's compliance with the limitation contained in paragraph (1)—

"(i) loans shall be counted at the initial face value of the loan plus such amounts as are subsequently obligated pursuant to section 132(a)(3);

"(ii) loan guarantees shall be counted at the initial face value of such loan guarantee (including any amount of interest which is guaranteed under such loan guarantee) plus such amounts as are subsequently obligated pursuant to section 133(a)(3);

"(iii) price guarantees and purchase agreements shall be valued by the Secretary as of

the date of each such contract, based upon the Secretary's estimate of the maximum potential liability of the United States;

"(iv) joint ventures and Department construction projects shall be valued at the current estimated cost to the United States, as determined annually by the Secretary; and

"(v) any increase in the liability of the United States pursuant to any amendment or other modification to a contract for a loan, loan guarantee, price guarantee, purchase agreement, joint venture, or Department construction project shall be counted.

"(B) Determinations made under subparagraph (A) shall be made in accordance with generally accepted accounting principles, consistently applied.

"(C) If more than one form of financial assistance is to be provided to any one synthetic fuel project or if the financial assistance agreement provides a right to the United States to purchase the synthetic fuel project, then the obligations and commitments thereunder shall be valued at the maximum potential exposure on such project at any time during the life of such project.

"(D) Any commitment by the Secretary to provide financial assistance or make capital expenditures which is nullified or voided for any reason shall not be considered in the aggregate for the purpose of paragraph (1).

"MODIFIED ASSISTANCE PROGRAM

"SEC. 126. (a) The Secretary shall undertake a program to encourage the synthetic fuels industry in the United States by providing financial assistance for commercial scale projects in the United States on the smallest, least expensive, scale practicable that would encourage the replication of commercial scale synthetic fuels technologies, including those which may face economic or other risks in order to compete in the market place.

"(b)(1) To the extent possible in carrying out the program described in subsection (a), the Secretary shall avoid duplication of effort by adapting work done by the Corporation and by applicants for financial assistance on solicitations and projects already in negotiation.

"(2) In carrying out the program described in subsection (a), the Secretary shall first give consideration to projects, as originally proposed or as modified within 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act, with respect to which the Corporation issued a letter of intent before February 5, 1985.

"ASSISTANCE PLAN

"SEC. 127. (a) The Secretary shall, within 90 days after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act, submit to the Congress an assistance plan, consistent with section 126(a) and the purposes of this part, setting forth the anticipated methods and schedules for the attainment of the synthetic fuels assistance program of the United States described by sections 125 and 126. Such plan shall address—

"(1) which synthetic fuel resources and technologies deserve Federal support;

"(2) the economic and technical feasibility or potential of each technology;

"(3) the anticipated improvements in later commercial scale projects to be derived from projects under this part;

"(4) the anticipated environmental effects associated with each technology and resource, including water requirements; and

"(5) the most advantageous combination of technologies and resources to be supported.

"(b) To the extent possible in preparing the assistance plan required by subsection (a), the Secretary shall avoid duplication of effort by adapting information and materials compiled by the Corporation.

"ASSISTANCE STRATEGY

"SEC. 128. (a) In order to assure achievement of the purposes of this title and the assistance plan developed under section 127, the Secretary—

"(1) shall, pursuant to subtitle D, solicit proposals for synthetic fuel projects;

"(2) shall, pursuant to section 131(a), award financial assistance to those qualified concerns submitting proposals acceptable to the Secretary;

"(3) shall, after soliciting proposals pursuant to paragraph (1) and reviewing such proposals, if in the judgment of the Secretary, there are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this title, undertake to negotiate contracts pursuant to subtitle D as necessary to achieve the purposes of this title; and

"(4) may, only after fulfilling the requirements of paragraphs (1), (2), and (3), and subsection (c), if in the judgment of the Secretary, there still are, or will be, insufficient acceptable proposals as necessary to achieve the purposes of this title, consistent with the objectives set forth in subsection (b) and the assistance plan developed under section 127, undertake a construction project under subtitle E as necessary to achieve the purposes of this title.

"(b)(1) The Secretary, in discharging responsibilities under subsection (a), shall employ financial assistance pursuant to subtitle D or construction projects under subtitle E in such manner as will, in the judgment of the Secretary, (A) incorporate a technological diversity of processes, methods and techniques for each domestic resource that offers significant potential for use as a synthetic fuel feedstock, and (B) offer the potential for achieving the assistance plan developed under section 127.

"(2) For the purposes of this subsection, the term 'domestic resource' shall be construed so as to require the consideration of different types and qualities of coal (such as high- and low-sulphur coal, or Eastern and Western coal), shale, and tar sands, as different domestic resources.

"(c) Prior to undertaking a construction project under subtitle E, the Secretary shall publish in the Federal Register the intention to undertake a project and the objectives of such a project, and shall solicit proposals to meet such objectives through the use of other financial assistance mechanisms established under subtitle D. If the Secretary does not receive, within thirty days after the publication of the objectives pursuant to the preceding sentence, an acceptable notice of intent to submit a proposal, the Secretary may undertake such a construction project under subtitle E.

"SOLICITATION OF PROPOSALS

"SEC. 129. (a) The Secretary is hereby directed to solicit proposals from time to time from concerns interested in the construction or operation, or both, of synthetic fuel projects. Such set of solicitations shall encompass a diversity of technologies (including differing processes, methods, and techniques) for each potential domestic resource as well as all of the forms of financial assistance authorized in subtitle D. The Secretary shall provide notice of such solicitations in the Federal Register and by such other notice as is customarily used to inform the public of Federal assistance for major research and development undertakings.

"(b) All solicitations of proposals for financial assistance shall be conducted in a manner so as to encourage maximum open and free competition.

"(c) Any concern may request the Secretary to issue a solicitation pursuant to this section for proposals for a general type of synthetic fuel project and the Secretary, if the action is in accordance with the purposes of this title and the provisions of this part, may issue such a solicitation.

"(d) Each solicitation for proposals pursuant to the authority of this section shall set forth general evaluation criteria, as determined by the Secretary, taking into account—

"(1) the achievement of the assistance plan developed under section 127; and

"(2) the requirements of the assistance strategy set forth under section 128.

"(e) The Secretary shall consult with the Governor of any State in which a proposed construction project under subtitle E or a proposed joint venture project under section 136 would be located with regard to (1) the manner in which the project would be developed, and (2) regulatory, licensing, and related governmental activities pertaining to such project. The States shall have the opportunity to provide written response to the Secretary on all aspects of such project development, licensing, and operation.

"EMPLOYEES

"SEC. 130. The Secretary may hire former employees of the Corporation who have special expertise or experience to assist the Secretary in carrying out the synthetic fuels assistance program under this part, subject to the laws of the United States with respect to Federal employment.".

SEC. 4105. ENVIRONMENTAL PLAN.

Section 131(e) of the Energy Security Act (42 U.S.C. 8731(e)) is amended to read as follows:

"(e) Any proposed legally binding obligation for financial assistance not entered into before the date of enactment of the Synthetic Fuels Fiscal Responsibility Act shall include a plan, acceptable to the Secretary and the Administrator of the Environmental Protection Agency, for the monitoring of environmental and health related effects of the construction and operation of the synthetic fuel project. Such plan shall be developed by the applicant for financial assistance in consultation with the Secretary, the Administrator of the Environmental Protection Agency, and appropriate State, regional, and local agencies, and shall—

"(1) provide for the collection of data of environmental significance;

"(2) identify all known or potentially significant pollutants and emissions associated with the project;

"(3) provide for the testing of mitigation methods and control, monitoring, and assessment technologies;

"(4) provide for the accumulation of a data base for assessing solid waste disposal problems;

"(5) ensure the operation of such project in compliance with applicable environmental requirements, including the Federal Water Pollution Control Act (33 U.S.C. 1151-1175) and the Clean Air Act (42 U.S.C. 7400 et seq.);

"(6) provide information with respect to the anticipated effect of such project on regional and local water supplies;

"(7) provide information with respect to the anticipated health effects on workers

and other persons connected to the project, including any carcinogenic effects;

"(8) provide information with respect to the anticipated social and economic impacts on local communities which will be most directly affected by the project; and

"(9) provide for the participation in appropriate activities under such plan by representatives of the Environmental Protection Agency.".

SEC. 4106. FUNDING LIMITATION.

Section 131(o) of the Energy Security Act (42 U.S.C. 8731(o)) is amended by adding at the end the following new sentence: "No financial assistance may be extended under this part after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act from funds authorized under section 109(a) of such Act (1) to the extent such assistance would cause the total amount of assistance under this part for any one synthetic fuel project or module to exceed 60 percent of the capital and operating costs of such project or module, or (2) for any synthetic fuel project which received, before November 1, 1984, more than $1,000,000,000 pursuant to a Federal Financing Bank Agreement guaranteed by the Department of Energy.".

SEC. 4107. PRICE GUARANTEE LIMITATION.

Section 134 of the Energy Security Act (42 U.S.C. 8734) is amended—

(1) by inserting "(a)" after "SEC. 134."; and

(2) by adding at the end a new subsection as follows:

"(b) No price guarantee shall be made under this section after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act from funds authorized under section 109(a) of such Act at a level in excess of 125 percent of the projected market price of comparable energy over the term of the guarantee.".

SEC. 4108. CONGRESSIONAL REVIEW.

Section 138 of the Energy Security Act (42 U.S.C. 8738) is amended to read as follows:

"CONGRESSIONAL REVIEW PROCEDURE

"SEC. 138. (a) No legally binding obligation, or accumulation of such obligations for one project, for an amount in excess of $20,000,000 may be entered into by the Secretary under this part after the date of enactment of the Synthetic Fuels Fiscal Responsibility Act unless a proposal for such obligation, or accumulation of such obligations for one project, is submitted to the Congress under this section.

"(b) For purposes of this section, the term 'synthetic fuel action' means any matter required under subsection (a) to be submitted to the Congress.

"(c) Along with any synthetic fuel action submitted to the Congress under this section the Secretary shall attach—

"(1) a detailed analysis of the aid proposal, including the amount and type of assistance;

"(2) an assessment by the Secretary of the potential of the resource and technology being assisted;

"(3) a cost-benefit analysis, including projections of net monetary gains and losses for the United States;

"(4) a copy of the environmental plan required under section 131(e); and

"(5) an explanation of how the proposed project and its technology relates to the assistance plan submitted by the Secretary under section 127, including a justification of resource applicability and reproducibility.

"(d) The Secretary shall transmit any synthetic fuel action (bearing an identification number) to both Houses of the Congress on the same day. If both Houses are not in session on the day on which any synthetic fuel action is transmitted to the appropriate officers of each House, for the purposes of this section such synthetic fuel action shall be deemed to have been received on the first succeeding day on which both Houses are in session.

"(e) No synthetic fuel action shall take effect if a joint resolution disapproving such synthetic fuel action is enacted within the first period of 90 calendar days of continuous session of Congress beginning on the date after the date such synthetic fuel action is received by the Congress.".

SEC. 4109. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—There is authorized to be appropriated to the Secretary of Energy for carrying out part B of title I of the Energy Security Act, as amended by this subtitle, $500,000,000.

(b) ADDITIONAL REQUESTS.—The Secretary may from time to time request the Congress to authorize additional funds for such purposes.

SEC. 4110. RESCISSION.

Except as otherwise provided in this section, all funds appropriated to the Energy Security Reserve are hereby rescinded. Funds so rescinded shall include all funds appropriated to the Energy Security Reserve by the Department of the Interior and Related Agencies Appropriations Act, 1980 (Public Law 96-126) and subsequently made available to carry out title I, part B, of the Energy Security Act by Public Laws 96-304 and 96-514, and shall be deposited in the general fund of the Treasury. This rescission shall not apply to—

(1) $500,000,000 for cost-shared clean coal technology projects for the construction and operation of facilities to demonstrate the feasibility for future commercial application of such technology;

(2) $500,000,000, which is hereby appropriated to the Secretary of Energy for carrying out part B of title I of the Energy Security Act, as amended by this subtitle; and

(3) such amounts as may be necessary to make payments for projects or modules for which obligations were entered into under title I of the Energy Security Act before July 31, 1985.

SEC. 4111. RESTRICTIONS.

(a) USE OF FUNDS.—None of the funds appropriated by section 4110 or any other provision of law may be used by the United States Synthetic Fuels Corporation, the Secretary of Energy, or any other agent or officer of the United States for making payments with respect to obligations entered into by the United States Synthetic Fuels Corporation after July 31, 1985, and before the date of enactment of this Act.

(b) IMMUNITY FROM SUIT.—The United States hereby withdraws any stated or implied consent for the United States, any officer or agent of the United States, or the United States Synthetic Fuels Corporation to be sued by any person with respect to any claim arising out of obligations described in subsection (a).

SEC. 4112. TECHNICAL AND CONFORMING AMENDMENTS.

(a) SHORT TITLE.—Section 111 of the Energy Security Act is amended by striking out "United States Synthetic Fuels Corporation Act of 1980" and inserting in lieu thereof "United States Synthetic Fuels Assistance Act".

(b) DEFINITIONS.—Section 112 of the Energy Security Act (42 U.S.C. 8702) is amended—

(1) by inserting after paragraph (15) the following new paragraph:

"(15A) The term 'Secretary' means the Secretary of Energy."; and

(2) by adding at the end the following new paragraph:

"(19) The term 'United States' means the States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States.".

(c) ADDITIONAL LOAN AMOUNTS.—Section 132(a)(3)(B) of the Energy Security Act (42 U.S.C. 8732(a)(3)(B)) is amended by striking out ", except that" and all that follows through "has not been disapproved".

(d) ADDITIONAL LOAN GUARANTEES.—Section 133(a)(3)(B) of the Energy Security Act (42 U.S.C. 8733(a)(3)(B)) is amended by striking out ", except if" and all that follows through "pursuant to such section".

(e) JOINT VENTURES.—Section 136(a) of the Energy Security Act (42 U.S.C. 8736(a)) is amended—

(1) by striking out the second sentence; and

(2) by striking out ": *Provided, however*" and all that follows through "joint venture agreement".

(f) FEES AND RECEIPTS.—

(1) FEES.—Section 139 of the Energy Security Act (42 U.S.C. 8739) is amended to read as follows:

"USER FEES

"SEC. 139. (a) The Secretary may charge and collect fees in connection with the financial assistance provided under this part, except that such fees shall not exceed 1 percent of the amount of such financial assistance. Fees received by the Secretary shall be deposited in the general fund of the Treasury.

"(b) The Secretary shall prescribe and collect an annual fee, in connection with each loan guarantee provided under this part, of one-half of one percent of the amount of such loan guarantee. Sums realized from such loan guarantee fees shall be deposited in the general fund of the Treasury.".

(2) RECEIPTS.—Section 154 of the Energy Security Act (42 U.S.C. 8754) is amended to read as follows:

"RECEIPTS

"SEC. 154. All receipts collected by the Secretary in connection with the synthetic fuels assistance program under this part shall be deposited in the general fund of the Treasury.".

(g) POWERS.—Section 171 of the Energy Security Act is amended—

(1) by amending subsection (a) to read as follows:

"(a) In carrying out the provisions of this part, the Secretary may lease, purchase, accept gifts or donations of, or otherwise acquire, and own, hold, improve, use, or otherwise deal in or with, and sell, convey, mortgage, pledge, lease, exchange, or otherwise dispose of, any property, real, personal, or mixed, or any interest therein."; and

(2) by striking out subsection (b).

(h) REPEALS.—Sections 113, 131(d), (j), (k)(2), (k)(3), and (u), 142, 151, 152, 153, 155, 172, 173(e) and (g), 174, 175, 177, 179, 180, and subtitles G, I, J, and K of part B of title I of the Energy Security Act are repealed.

(i) MISCELLANEOUS TERMINOLOGY CHANGES.—Part B of title I of the Energy Security Act is amended—

(1) in the title of such part by striking out "Corporation" and inserting in lieu thereof "Assistance Program";

(2) by striking out "Board of Directors" and inserting in lieu thereof "Secretary" each place it appears in sections 112(15), 131(a), (b)(2), (b)(4), (o), (p), and (r),

132(a)(2)(B) and (d), 133(a)(1), (a)(4), and (b), 134, 136(b), (c), and (f)(1), 137(b)(1) and (5), 141(d), and 173(a) and (b)(2), and in the last sentence of section 171(c);

(3) by striking out "127" and inserting in lieu thereof "129" each place it appears in sections 131 and 141(c);

(4) by striking out "Corporation" and inserting in lieu thereof "Secretary" each place it appears in sections 131(a), (b)(3), (c), (f), (g), (h), (i), (o), (p), (q), (s), and (t), 132(a) and (b), 133(a), 134, 135(a), (b), (d), and (e), 136(a), 141(b)(4), and 173(b); the first two places it appears in section 131(b)(1) and (r); the first place it appears in sections 131(l) and (n), 136(f)(1), 141(e), and 173(c), (d), and (f)(1); the second place it appears in sections 143(a), 144, and 173(a); the first and third places it appears in section 132(d); the fourth, fifth, and sixth places it appears in section 133(b); the second and third places it appears in section 137(c); the first, second, and fifth places it appears in section 140; the second and fourth places it appears in section 141(a); the third and fourth places it appears in section 141(d); the first, third, and fourth places it appears in section 145; the second and sixth places it appears in section 171(c); and each place it appears in the section headings for sections 132, 133, 134, 135, and 136;

(5) by striking out "Corporation" and inserting in lieu thereof "United States" each place it appears in sections 131(b)(2) and (k)(1), 133(b)(1) and (2), 135(c), 136(c), (d)(2), and (f)(2), 137(a), and 173(f)(1)(B) and (C); the second place it appears in sections 131(b)(1)(C), (l), and (n), and 136(f)(1); the third place it appears in section 131(r); the second and fourth places it appears in section 132(d); the first place it appears in sections 133(b)(3), 137(c), 141(a) and (b), and 173(a); all but the last two places it appears in section 137(b); the third and sixth places it appears in section 140; and the second, third, fourth, and fifth places it appears in section 173(d);

(6) by striking out ", upon such terms and conditions as the Board of Directors shall determine" in section 131(b)(1);

(7) by striking out "national synthetic fuel production goal established under section 125" and inserting in lieu thereof "objectives set forth in the assistance plan developed under section 127" in sections 131(b)(2) and (4) and 132(b);

(8) by striking out "national synthetic fuel production goal set forth in section 125" and inserting in lieu thereof "objectives set forth in the assistance plan developed under section 127" in section 136(b)(1);

(9) by striking out "126" and inserting in lieu thereof "128" in section 131(b)(4);

(10) by striking out ", except as provided in section 151" in section 131(f);

(11) by striking out "or its designee" each place it appears in sections 131(i) and 173(d);

(12) by striking out "as it deems" and inserting in lieu thereof "as the Secretary deems" in section 131(i);

(13) by striking out ", as computed in accordance with section 152" in section 131(k)(1);

(14) by striking out ", in its judgment," in section 131(r);

(15) by striking out "its determination of" and inserting in lieu thereof "determining" in section 131(t);

(16) by striking out ", on such terms and conditions as the Board of Directors may prescribe," in sections 132(a)(1), 134, 135(a), 136(a), and 137(c);

(17) by striking out "Corporation" the last two places it appears in section 137(b), the last two places it appears in section 137(c), and the fifth and sixth places it appears in section 141(d);

(18) by striking out "128" and inserting in lieu thereof "138" in sections 137(b) and (c) and 141(d);

(19) by striking out "not been disapproved" and inserting in lieu thereof "been approved" in sections 137(b) and (c) and 141(d);

(20) by striking out "in its sole discretion" in section 134;

(21) by striking out "of Energy" in sections 135(a) and (d) and 143(b);

(22) by striking out ", subject to section 172(d)," in section 135(d);

(23) by striking out "Prior to the approval of a comprehensive strategy pursuant to section 126(c), the" and inserting in lieu thereof "The" in section 136(a);

(24) by striking out "pursuant to section 181" in section 136(c);

(25) by striking out "Corporation" and inserting in lieu thereof "United States'" in section 136(e);

(26) by striking out "Corporation's" and inserting in lieu thereof "United States'" in section 136(e) and (f)(1);

(27) by striking out ", prior to the approval of the comprehensive strategy pursuant to section 126(c)," in section 137(b);

(28) by striking out "until it has submitted" and inserting in lieu thereof "until the Secretary has submitted" in section 137(b) and (c);

(29) by striking out "Corporation" and inserting in lieu thereof "Department" each place it appears in sections 112(5), 141(c), and 143(b); the fourth place it appears in section 140; the third and fifth places it appears in section 141(a); the second place it appears in sections 141(b) and (e) and 145; the first and second places it appears in section 141(d); the first place it appears in sections 143(a) and 144; the first, third, fourth, fifth, and seventh places it appears in section 171(c); and each place it appears in the headings for subtitle E and section 141;

(30) by striking out "126(a)(1)(D), section 126(a)(3), and section 142" and inserting in lieu thereof "128(a)(4) and (c)" in section 141(a);

(31) by striking out ", prior to the approval of a comprehensive strategy pursuant to section 126(c)," in section 141(a);

(32) by striking out ", in the judgment of the Board of Directors," in section 141(a);

(33) by striking out "126(a)(2)" and inserting in lieu thereof "128(b)" in section 141(a);

(34) by striking out "subject to section 172(d)," in section 141(b);

(35) by striking out ", in its sole discretion," in section 141(d);

(36) by striking out "addition to the powers granted under subsections (a) and (b), and only in" in section 171(c);

(37) by striking out "by its Board of Directors" in section 171(c);

(38) by striking out "it holds the patent but it" and inserting in lieu thereof "the United States holds the patent but the Secretary" in section 173(b)(1);

(39) by striking out "it holds the patent" and inserting in lieu thereof "the United States holds the patent" in section 173(b)(2);

(40) by striking out "including provision for the Corporation," in section 173(c);

(41) by striking out "and its designees" in section 173(d); and

(42) by striking out "Chairman of the Board of Directors" and inserting in lieu thereof "Secretary" in section 173(f)(1)(A).

(j) TABLE OF CONTENTS.—The table of contents for part B of title I of the Energy Security Act is amended to read as follows:

"Part B—United States Synthetic Fuels Assistance Program

"SUBTITLE A—GENERAL PROVISIONS

"Sec. 111. Short title.
"Sec. 112. General definitions.

"SUBTITLE B—ABOLITION OF CORPORATION

"Sec. 115. Cessation of commitments.
"Sec. 116. Temporary operations.
"Sec. 117. Abolition.

"SUBTITLE C—SYNTHETIC FUELS ASSISTANCE PROGRAM

"Sec. 125. Secretary's responsibilities.
"Sec. 126. Modified assistance program.
"Sec. 127. Assistance plan.
"Sec. 128. Assistance strategy.
"Sec. 129. Solicitation of proposals.
"Sec. 130. Employees.

"SUBTITLE D—FINANCIAL ASSISTANCE

"Sec. 131. Authorization of financial assistance.
"Sec. 132. Loans made by the Secretary.
"Sec. 133. Loan guarantees made by the Secretary.
"Sec. 134. Price guarantees made by the Secretary.
"Sec. 135. Purchase agreements made by the Secretary.
"Sec. 136. Joint ventures by the Secretary.
"Sec. 137. Control of assets.
"Sec. 138. Congressional review procedure.
"Sec. 139. User fees.
"Sec. 140. Disposition of securities.

"SUBTITLE E—DEPARTMENT CONSTRUCTION PROJECTS

"Sec. 141. Department construction and contractor operation.
"Sec. 143. Environmental, land use, and siting matters.
"Sec. 144. Project reports.
"Sec. 145. Financial records.

"SUBTITLE F—CAPITALIZATION AND FINANCE

"Sec. 154. Receipts.

"SUBTITLE H—GENERAL PROVISIONS

"Sec. 171. General powers.
"Sec. 173. Patents.
"Sec. 176. Severability.
"Sec. 178. Water rights.".

Subtitle B—Strategic Petroleum Reserve

SEC. 4201. STRATEGIC PETROLEUM RESERVE.

(a) STRATEGIC PETROLEUM RESERVE FILL RATE.—Notwithstanding any other provision of law, the Strategic Petroleum Reserve shall be filled at an annual average rate of 35,000 barrels per day for each of the fiscal years 1986, 1987, and 1988. Authorizations under subsection (b) are made for this purpose.

(b) AUTHORIZATIONS OF APPROPRIATIONS.—(1) There are authorized to be appropriated the following amounts for the acquisition, transportation, and injection of petroleum products into the Strategic Petroleum Reserve:

(A) For fiscal year 1986, $358,000,000.
(B) For fiscal year 1987, $334,000,000.
(C) For fiscal year 1988, $357,000,000.

(2) There are authorized to be appropriated the following amounts for the implementation of the Strategic Petroleum Reserve Plan, including planning, administration, and acquisition and construction of storage and related facilities but excluding

the acquisition of petroleum products for such Reserve:

(A) For fiscal year 1986, $136,000,000.

(B) For fiscal year 1987, $359,000,000.

(C) For fiscal year 1988, $157,000,000.

(3) Amounts authorized by this subsection are in lieu of any other amount authorized to be appropriated for the purposes and fiscal years referred to in paragraphs (1) and (2).

(c) LIMITATION ON UNITED STATES' SHARE OF NAVAL PETROLEUM RESERVE.—(1) Section 160(d)(1) of the Energy Policy and Conservation Act (42 U.S.C. 6240(d)(1)) is amended—

(A) by striking out "500,000,000 barrels" each place it appears in subparagraphs (A) and (C) and inserting in lieu thereof "527,000,000 barrels"; and

(B) by striking out "100,000 barrels" in subparagraph (B) and inserting in lieu thereof "35,000 barrels".

(2) The amendment made by this subsection shall take effect on October 1, 1985.

Subtitle C—Uranium Enrichment and Power Sales

SEC. 4301. AUTHORIZATION OF APPROPRIATIONS.

(a) IN GENERAL.—In accordance with section 660 of the Department of Energy Organization Act (42 U.S.C. 7270), there is authorized to be appropriated to the Department of Energy for each of the fiscal years 1986, 1987, and 1988 to carry out uranium enrichment service activities an amount equal to the difference between—

(1) the revenues to be received during such fiscal year by the Department of Energy in providing uranium enrichment service activities, as estimated in the budget submitted by the President to the Congress for such fiscal year; and

(2) the amount specified in section 4302(a) for such fiscal year.

(b) ADJUSTMENTS.—If the estimate referred to in subsection (a)(1) for any fiscal year is increased or decreased in the budget submitted by the President to the Congress for the subsequent fiscal year, the authorization of appropriations in subsection (a) for such subsequent fiscal year shall be increased or decreased by an equal amount, as the case may be.

SEC. 4302. REPAYMENTS TO UNITED STATES TREASURY.

(a) PARTIAL REPAYMENT OF APPROPRIATED AMOUNTS.—In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund not less than the following amount of the revenues received by the Department of Energy in providing uranium enrichment service activities:

(1) $110,000,000 for fiscal year 1986;

(2) $150,000,000 for fiscal year 1987; and

(3) $150,000,000 for fiscal year 1988.

(b) REPAYMENT SCHEDULE.—The Secretary of Energy may make the repayments required in subsection (a) for any fiscal year on a quarterly basis.

SEC. 4303. SALE OF UNNECESSARY ELECTRIC ENERGY.

(a) IN GENERAL.—The Secretary of Energy shall attempt to sell to electric utilities any electric energy that the Secretary has the right to buy under any Federal law or contract in effect on the date of the enactment of this Act for use in the provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(v)) that the Secretary determines to be unnecessary to the conduct of such activities.

(b) CONSENT TO SALE.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act, no Executive agency may withhold its consent to the sale of electric energy under subsection (a).

(c) TRANSMISSION.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act—

(1) any Executive agency selling electric energy to the Department of Energy shall make such electric energy available to the location requested by the Secretary of Energy; and

(2) the Secretary of Energy, acting through the organizational entities described in subparagraphs (A) and (B) of section 302(a)(1) of the Department of Energy Organization Act (42 U.S.C. 7152(a)(1)) shall assist in the transmission of any electric energy sold under subsection (a).

(d) REVENUES FROM SALE.—In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund any revenues derived from the sale of electric energy under subsection (a) that are in excess of the energy charge incurred by the Secretary. Any amount required to be repaid under this subsection shall be in addition to any amount required to be repaid in section 4302(a).

(e) DEFINITIONS.—For purposes of this section:

(1) The term "electric utility" has the meaning given such term in section 3(4) of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602(4)). Such term does not include any person or entity that sells electric energy solely from cogeneration facilities or small power production facilities, as such terms are defined in paragraphs 17(A) and 18(A) of section 3 of the Federal Power Act (16 U.S.C. 796).

(2) The term "energy charge" means any fee or payment associated with the purchase of electric energy that is supplied by an electric energy seller to an electric energy purchaser and does not include any fee or payment made exclusively for the availability of electric energy or the right to purchase specified amounts of electric energy.

(3) The term "Executive agency" has the meaning given such term in section 105 of title 5, United States Code.

(f) EXPIRATION.—This section shall cease to be effective on December 31, 1992.

Subtitle D—Energy-Related User Fees

SEC. 4401. PIPELINE SAFETY USER FEES.

(a) ESTABLISHMENT.—

(1) SCHEDULE.—The Secretary of Transportation (hereafter in this section referred to as the "Secretary") shall establish a schedule of fees based on the usage, in reasonable relationship to volume-miles, miles, or an appropriate combination thereof, of natural gas and hazardous liquid pipelines.

(2) COLLECTION.—The Secretary shall establish procedures for the collection of such fees and shall collect such fees.

(3) LIABILITY.—Fees established under this section shall be assessed to the persons operating the pertinent pipeline facilities.

(b) TIME OF ASSESSMENT.—The Secretary shall assess and collect fees described in subsection (a) with respect to each fiscal year before the end of such fiscal year.

(c) USE OF FUNDS.—Funds received under subsection (a) shall be used, to the extent provided for in advance in appropriation Acts, only—

(1) in the case of natural gas pipeline safety fees, for activities authorized under the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1671 et seq.); and

(2) in the case of hazardous liquid pipeline safety fees, for activities authorized under the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2001 et seq.).

(d) FEE SCHEDULE.—

(1) SUFFICIENT TO MEET COSTS.—Fees established by the Secretary under subsection (a) shall be assessed against all natural gas and hazardous liquids transported by pipelines subject to the Natural Gas Pipeline Safety Act of 1968 and the Hazardous Liquid Pipeline Safety Act of 1979 after September 30, 1985, and shall be sufficient to meet the ongoing costs, beginning on October 1, 1985, described in subsection (c).

(2) NON-HYDROCARBON RATES.—Fees established for the transportation through pipelines of substances other than hydrocarbons may be set at a rate higher than those for the transportation of hydrocarbons.

(3) UNUSUAL DRAIN ON SAFETY RESOURCES.—The Secretary may charge additional fees to any user of pipelines if the use results in an unusual drain on the pipeline safety resources of the United States.

(e) STATE FEES.—If a State establishes a pipeline safety fee mechanism compatible with the mechanism established by the Secretary under this section, the Secretary may by agreement with such State administer the collection of such State fees.

SEC. 4402. NUCLEAR REGULATORY COMMISSION ANNUAL CHARGES.

(a) IN GENERAL.—

(1) The Nuclear Regulatory Commission (hereafter in this section referred to as the "Commission") shall assess and collect annual charges from its licensees on a fiscal year basis, beginning with fiscal year 1986.

(2) The amount of such charges shall be established by rule.

(b) MATTERS TO CONSIDER IN ESTABLISHING ASSESSMENTS.—

(1) In establishing the amounts of such assessments, the Commission shall take into consideration the relative cost of regulating different categories of its licensees and other factors determined to be appropriate by the Commission, including the impact of such assessments on research and medical treatment.

(2) In establishing the amounts of such assessments with respect to any utilization or production facility for industrial or commercial purposes issued a license under section 103 or 104 b. of the Atomic Energy Act of 1954 (42 U.S.C. 2133 or 2134(b)), the Commission shall also take into consideration the rated capacity of such facility.

(c) LIMITATION.—The maximum amount of assessments made under this section with respect to any fiscal year may not exceed an amount that, when added to other amounts collected by the Commission for such fiscal year under other provisions of law, is estimated to be equal to 50 percent of the costs incurred by the Commission with respect to such fiscal year.

(d) TIME OF PAYMENT.—The Commission may make estimates in assessing charges under this section and shall provide that the charges assessed under this section shall be paid by the end of the fiscal year for which they are assessed.

(e) USE OF FUNDS.—To the extent approved in appropriation Acts, amounts collected under this section may be retained and used for costs incurred by the Commis-

sion and shall remain available for such purpose until expended.

SEC. 4403. FEDERAL ENERGY REGULATORY COMMISSION ANNUAL CHARGES.

(a) IN GENERAL.—The Federal Energy Regulatory Commission shall assess and collect annual charges on a fiscal year basis, beginning with fiscal year 1986, from interstate natural gas pipelines, interstate oil pipeline carriers, and public utilities in amounts determined under subsection (b).

(b) AMOUNT OF ASSESSMENTS.—The Commission shall assess and collect charges under this section—

(1) in the case of an interstate natural gas pipeline, in an amount that bears the same relationship to the adjusted costs of the Commission for the fiscal year as the volume of natural gas sold or transported by the pipeline during such year bears to the total volume of natural gas sold or transported by all interstate natural gas pipelines during such year;

(2) in the case of an interstate oil pipeline carrier, in an amount that bears the same relationship to the adjusted costs of the Commission for the fiscal year as the total barrels delivered (subject to the jurisdiction of the Commission) by the pipeline carrier during such year bears to the total barrels delivered (subject to such jurisdiction) by all interstate oil pipeline carriers during such year; and

(3) in the case of a public utility, in an amount that represents the public utility's proportional share of the adjusted costs of the Commission for the fiscal year, taking into consideration the public utility's proportional share of the total of the kilowatt hours transmitted under interchange hour agreements and the total jurisdictional kilowatt hours sold by all public utilities during such fiscal year.

(c) TIME OF ASSESSMENT.—The Commission shall assess charges under this section during the fourth quarter of the fiscal year for which the charge is being determined by making estimates based on data available to the Commission at the time of assessment.

(d) TIME OF PAYMENT.—The Commission shall provide that the charges assessed under this section shall be paid by the end of the fiscal year for which they were assessed.

(e) ADJUSTMENTS.—The Commission shall, after the completion of a fiscal year, make adjustments in the assessments for such fiscal year. Such adjustments shall be made on the basis of the complete data applicable to the fiscal year concerned, as determined by the Commission, and shall be used for making adjustments in assessments made under subsection (b) for the following fiscal year.

(f) USE OF FUNDS.—To the extent approved in appropriation Acts, amounts collected under this section may be retained and used for costs incurred by the Commission in administering its jurisdictional statutes and shall remain available for such purpose until expended.

(g) NATURAL GAS CHARGES IN RATES.—The Commission shall provide that charges assessed under this section shall be included in the rates of an interstate natural gas pipeline as a uniform charge on each thousand cubic feet (Mcf) or million Btu (MmBtu), as determined appropriate by the Commission, of natural gas sold or transported by the pipeline.

(h) DEFINITIONS.—For purposes of this section—

(1) the term "adjusted costs of the Commission" means—

(A) in the case of the assessment of charges on interstate natural gas pipelines, costs incurred by the Commission (but not to exceed the amount authorized by law for such costs) in administering the Natural Gas Act and the Natural Gas Policy Act of 1978 for a fiscal year, reduced by the amount of fees collected by the Commission during such fiscal year under section 9701 of title 31, United States Code, with respect to the regulation of the sale or transportation of natural gas,

(B) in the case of the assessment of charges on interstate oil pipeline carriers, costs incurred by the Commission (but not to exceed the amount authorized by law for such costs) as a result of regulating the transportation of oil under title 49, United States Code, reduced by the amount of fees collected by the Commission during such fiscal year under such section 9701 with respect to the regulation of the transportation of oil, and

(C) in the case of the assessment of charges on public utilities, costs incurred by the Commission (but not to exceed the amount authorized by law for such costs) in administering titles II and III of the Federal Power Act (other than for the regulation of cogeneration and small power production under sections 201 and 210 of such Act) for a fiscal year, reduced by the amount of fees collected under such section 9701 for services or benefits rendered under such titles during such fiscal year;

(2) the term "Commission" means the Federal Energy Regulatory Commission;

(3) the term "interstate natural gas pipeline" means any person engaged in the transportation or sale of natural gas subject to the jurisdiction of the Commission under the Natural Gas Act;

(4) the term "pipeline carrier" has the meaning given such term in section 10102 of title 49, United States Code;

(5) the term "natural gas sold or transported" means—

(A) sales or deliveries of natural gas to distribution utilities for sales or use, and

(B) sales or deliveries of natural gas to consumers for ultimate use; and

(6) the term "public utility" has the same meaning given such term by section 201(e) of the Federal Power Act, except that such term does not include a qualifying small power producer or a qualifying cogenerator.

Subtitle E—Federal Energy Conservation Shared Savings

SEC. 4501. SHARED ENERGY SAVINGS.

(a) IN GENERAL.—The National Energy Conservation Policy Act (42 U.S.C. 8201 and following) is amended by adding at the end the following new title:

"TITLE VIII—SHARED ENERGY SAVINGS

"SEC. 801. AUTHORITY TO ENTER INTO CONTRACTS.

"The head of a Federal agency may, notwithstanding any other provision of law, enter into contracts under this title for the purpose of achieving energy savings. Each such contract may be for a period not to exceed 25 years and shall provide that the contractor shall incur the initial cost of implementing energy savings measures in exchange for a share of any savings resulting from such implementation.

"SEC. 802. PAYMENT OF COSTS.

"Any amount paid by a Federal agency pursuant to any contract entered into under this title, including any costs of terminating any such contract, may be paid only from funds appropriated, after the date of enactment of this title, for the payment of utility costs (and related operational and maintenance costs) of such agency.

"SEC. 803. REPORTS.

"Each Federal agency shall periodically furnish the Secretary of Energy with full and complete information on its activities under this title, and the Secretary shall include in the report submitted to Congress under section 550 a description of the progress made by each Federal agency in—

"(1) including the authority provided by this title in its contracting practices; and

"(2) achieving energy savings under contracts entered into under this title.

"SEC. 804. DEFINITIONS.

"For purposes of this title—

"(1) the term 'Federal agency' means an agency defined in section 551(1) of title 5, United States Code, and

"(2) the term 'energy savings' means a reduction in the energy consumption, or in the energy-related costs, of an existing building or buildings as a result of—

"(A) equipment, supplies, improvements, altered operation and maintenance, technical services, or other means; or

"(B) the increased efficient use of existing energy sources by cogeneration, heat recovery, or other means."

(b) TABLE OF CONTENTS.—The table of contents of such Act is amended by adding the following at the end:

"TITLE VIII—SHARED ENERGY SAVINGS

"Sec. 801. Authority to enter into contracts.

"Sec. 802. Payment of costs.

"Sec. 803. Reports.

"Sec. 804. Definitions."

Subtitle F—Charges to Cover the Cost of Federal Communications Commission

SEC. 4601. CHARGES TO COVER THE COST OF FEDERAL COMMUNICATIONS COMMISSION.

(a) SCHEDULE OF CHARGES.—(1) The Federal Communications Commission (hereafter in this section referred to as the "Commission") shall assess and collect charges listed in this subsection at the rates listed or at such modified rates as it shall establish pursuant to the provisions of subsection (b) of this section.

Schedule of Charges

	Service	Fee amount
	PRIVATE RADIO BUREAU	
1.	Marine Coast Stations (new, modifications, renewals).	$60
2.	Operational Fixed Microwave Stations (new, modifications, renewals).	135
3.	Aviation (ground stations) (new, modifications, renewals).	60
4.	Land, Mobile Radio Licenses (new, modifications, renewals).	30
	EQUIPMENT APPROVAL SERVICE	
1.	Certification	
	a. Receivers (except TV and FM receivers).	250
	b. All other devices	650
2.	Type Acceptance	
	a. Approval of subscription TV systems.	2,000
	b. All others	325
3.	Type Approval	
	a. Ship (radio telegraph) automatic alarm systems.	6,500
	b. Ship and lifeboat (radio telegraph) transmitters.	3,250
	c. All others (with testing)	1,300
	d. All others (without testing)	150
4.	Notifications	100

Schedule of Charges—Continued

Service	Fee amount
MASS MEDIA BUREAU	
1. Commercial TV Stations	
a. New and major change construction permits application fees.	2,250
b. Minor changes application fee.	500
c. Hearing charge	6,000
d. License fee	150
2. Commercial Radio Stations	
a. New and major change construction permits.	
(1) Application fee AM station.	2,000
(2) Application fee FM station.	1,800
b. Minor changes application fee—AM and FM.	500
c. Hearing charge	6,000
d. License fee	
(1) AM	325
(2) FM	100
e. Directional antenna license fee (AM only).	375
3. FM/TV Translators and LPTV Stations (new and major change construction permits)	
a. Application fee	375
b. License fee	75
4. Station Assignment and Transfer Fees	
a. AM, FM, and TV commercial stations.	
(1) Application fee (Forms 314/315).	500
(2) Application fee (Form 316).	70
b. FM/TV translators and LPTV stations.	75
5. Auxiliary Services Major Actions—Application Fee.	75
6. Renewals—All Services	30
7. Cable Television Service	
a. Cable television relay service—construction permits, assignments and transfers, renewals and modifications.	135
b. Cable special relief petitions—filing fee.	700
8. Direct Broadcast Satellite New and Major Change CP's	
a. Application for authorization to construct a direct broadcast satellite.	1,800
b. Issuance of CP and launch authority.	17,500
c. License to operate satellite	500
d. Hearing charge	6,000
COMMON CARRIER BUREAU	
1. Domestic Public Land Mobile Stations (Base, Dispatch, Control and Repeater Stations)	
a. New or additional facility authorizations, assignments and transfers (per transmitter/per station).	200
b. Renewals and minor modifications (per station).	20
c. Air-Ground individual license renewals and modifications.	20
2. Cellular Systems	
a. Initial construction permits and major modification applications (per cellular systems).	200
b. Assignments and transfers (per station).	200
c. Initial covering license (per cellular system).	
(1) Wireline carrier	525
(2) Nonwireline carrier	50
d. Renewals	20
e. Minor modifications and additional licenses.	50
3. Rural Radio (Central Office, Interoffice Relay Facilities)	
a. Initial construction permit, assignments and transfers (per transmitter).	90
b. Renewals and modifications (per station).	20
4. Offshore Radio Service	
a. Initial construction permits, assignments and transfers (per transmitter).	90
b. Renewals and modifications (per station).	20
5. Local television or point-to-point microwave radio service	
a. Construction permits, modifications of construction permits, and renewals of licenses.	135
b. Assignments and transfers of control (per station).	45
c. Initial license for new frequency.	135
6. International Fixed public radio (public and control stations)	
a. Initial construction permits, assignments and transfers.	450
b. Renewals and modifications	325
7. Satellite services	
a. Transmit Earth stations	
(1) Initial station authorizations.	1,350
(2) Assignments and transfers of station authorizations.	450
(3) All other applications	90
b. Small transmit/receive Earth stations (2 meters or less)	
(1) Lead authorization	3,000
(2) Routine authorization	30
(3) All other applications	90
c. Receive only Earth stations	
(1) Initial station authorization.	200
(2) All other applications	90
d. Applications for authority to construct a space station.	1,800
e. Applications for authority to launch and operate a space station.	18,000
f. Satellite system application	
(1) Initial station authorization.	5,000
(2) Assignments and transfers of systems.	1,333
(3) All other applications	90
8. Multipoint distribution service	
a. Construction permits, renewals and modifications of construction permits.	135
b. Assignments and transfers of control (per station).	45
c. Initial license (per channel)	400
9. Section 214 applications	
a. Applications for overseas cable construction.	8,100
b. Applications for domestic cable construction.	540
c. All other 214 applications	540
10. Tariff filings	
a. Filing fee	250
b. Special permission filings	200
11. Telephone equipment registration	135
12. Digital electronic message service	
a. Construction permits, renewals and modifications of construction permits.	135
b. Assignments and transfers of control (per station).	45
c. Initial license (first license or license adding a new frequency).	135

(2) The schedule of charges established by this subsection shall be implemented not later than 360 days after the date of enactment of this subsection.

(b) SUBSEQUENT INCREASES OR DECREASES IN CHARGES.—(1) The schedule of charges established by this section shall be reviewed by the Commission every 2 years after the date of enactment of this section and adjusted by the Commission to reflect changes in the Consumer Price Index. Increases or decreases in charges shall apply to all categories of charges, except that individual fees shall not be adjusted until the increase or decrease, as determined by the net change in the Consumer Price Index since the date of enactment of this section, amounts to at least $5 in the case of fees under $100, or 5 percent in the case of fees of $100 or more. All fees which require adjustment will be rounded upward to the next $5 increment. The Commission shall transmit to the Congress notification of any such adjustment not later than 90 days before the effective date of such adjustment.

(2) Increases or decreases in charges made pursuant to this subsection shall not be subject to judicial review.

(c) PENALTIES FOR LATE PAYMENTS.—(1) The Commission shall prescribe by regulation an additional charge which shall be assessed as a penalty for late payment of charges required by subsection (a) of this section. Such penalty shall be 25 percent of the amount of the charge which was not paid in a timely manner.

(2) The Commission may dismiss any application or other filing for failure to pay in a timely manner any charge or penalty under this section.

(d) EXEMPTIONS AND WAIVERS.—(1) The charges established in this section shall not be applicable—

(A) to the following radio services: Local Government, Police, Fire, Highway Maintenance, Forestry-Conservation, Public Safety, and Special Emergency Radio; or

(B) to governmental entities licensed in other services.

(2) The Commission may waive or defer payment of a charge in any specific instance for good cause shown, where such action would promote the public interest.

(e) DEPOSIT OF MONEYS RECEIVED.—Moneys received from charges established in or prescribed pursuant to this section shall be deposited in the general fund of the Treasury to reimburse the United States for amounts appropriated for use by the Commission in carrying out its functions.

(f) RULES AND REGULATIONS.—The Commission shall prescribe appropriate rules and regulations to carry out the provisions of this section.

Subtitle G—Local Rail Service Assistance

SEC. 4701. LOCAL RAIL SERVICE ASSISTANCE.

Section 5(q) of the Department of Transportation Act (49 U.S.C. App. 1654(q)) is amended by adding at the end the following new sentence: "No funds are authorized to be appropriated under this section after September 1, 1985.".

TITLE V—COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

SEC. 5101. REVISION OF SECTION 8(g).

Section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)) is amended to read as follows:

"(g)(1) At the time of soliciting nominations for the leasing of lands containing tracts wholly or partially within three nautical miles of the seaward boundary of any coastal State, and subsequently as new information is obtained or developed, the Secretary shall, in addition to the information required by section 26 of this Act, provide the Governor of such State—

"(A) an identification and schedule of the areas and regions proposed to be offered for leasing;

"(B) all information from all sources concerning the geographical, geological, and ecological characteristics of such region;

"(C) an estimate of the oil and gas reserves in the areas proposed for leasing; and

"(D) an identification of any potentially hydrocarbon-bearing area or areas located wholly or partially within three nautical miles of the seaward boundary of such coastal State, including all information relating to the entire potentially hydrocarbon-bearing area.

The confidentiality provisions of section 26 of this Act shall apply to all information provided under this paragraph.

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses, rents, royalties, and other revenues, excluding Federal income and windfall profits taxes, derived from any lease of any Federal tract which lies wholly or partially within three nautical

miles of the seaward boundary of any coastal State. Except as provided in paragraph (5), not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest. The remaining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the Federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the potentially common hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any potentially common hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. Any revenues received by the United States under such an agreement shall be subject to the requirements of paragraph (2).

"(4) The deposits in the Treasury account described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest available interest rates.

"(5)(A) For all existing and future disputes, including *United States* v. *Alaska*, Supreme Court No. 84, Original, between the United States and any State regarding the location of that State's seaward boundary, the Secretary shall deposit in the separate Treasury account described in paragraph (2) all revenues not put into a separate escrow account of the Treasury escrowed pursuant to section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) which are attributable to tracts which are wholly or partially within three nautical miles of the seaward boundary claimed by the coastal State in that dispute. Upon final agreement of the parties or upon a final determination by a court of competent jurisdiction resolving such dispute, the Secretary shall distribute such revenues pursuant to paragraph (2) based upon the results of the boundary dispute.

"(B) After distribution to any State of its direct entitlement under any final agreement by the parties or any final determination by a court of competent jurisdiction concerning any controversy arising under section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) that portion of any remaining revenues which is attributable to lease tracts which are wholly or partially within three nautical miles of such State's seaward boundary as established by such agreement or court decree shall be deposited and then distributed in accordance with the process established under paragraph (2). This paragraph applies to all existing accounts for revenues attributable to leased tracts sold in the Federal/State Joint Beaufort Sea Oil and Gas Lease Sale BF, Sale 71 and Sale 87, all of which involve tracts related to the dispute under section 7 of the Outer Continental Shelf Lands Act in *United States* v. *Alaska*, Supreme Court No. 84, Original, as well as to all future Outer Continental Shelf oil and gas lease sales which may involve tracts subject to an ownership dispute.

"(6) This section shall be deemed to take effect on October 1, 1985, for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2).

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States.".

SEC. 5102. DISTRIBUTION OF 8(g) ACCOUNT.

(a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal States the sum of—

(1) the amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this title, for the period between October 1, 1985, and the date of such distribution, and

(2) the amounts due each such State under subsection (b) for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of this Act shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

Louisiana	$635,000,000
Texas	$424,000,000
California	$375,000,000
Alabama	$73,000,000
Alaska	$56,000,000
Mississippi	$15,000,000
Florida	$30,000

(2) The Secretary shall distribute to each coastal State 27 percent of the royalties derived from any lease of Federal lands within three miles of the seaward boundary of such coastal State and accrued interest thereon which have been deposited through September 30, 1985, in the separate account described in paragraph (1), as a fair and equitable disposition of such royalties.

(3) Of the funds attributable to bonuses, rents, royalties, and accrued interest remaining in the separate account after payment is made to the States in accordance with paragraphs (1) and (2) of this subsection, $4,300,000,000 shall be credited to the miscellaneous receipts of the Treasury. The remainder of the money shall be paid to the affected coastal States. Each State shall receive an amount equal to its proportional share of the total additional amount that would have been due to the States if all revenues derived from any lease of any Federal tract which lies wholly or partially within three miles of a State's seaward boundary had been deposited in the separate account in the Treasury of the United States in accordance with section 8(g)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)(4)), as in effect prior to the date of enactment of this Act. A State's proportional share of the total additional amount due is based on an amount equal to—

(A) 27 percent of all bonuses, rents, and royalties, plus accrued interest derived through September 30, 1985, from any lease of any Federal tract which lies wholly or partially within three miles of the seaward boundary of such coastal State, less

(B) the amounts paid to such coastal State under paragraphs (1) and (2) of this subsection.

SEC. 5103. IMMOBILIZATION OF BOUNDARIES.

Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection the following: ", except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory".

SEC. 5104. RECOUPMENT.

(a) As a fair and equitable disposition of revenues derived between September 18, 1978, and September 30, 1985, from all bonuses, royalties, other revenues, excluding Federal income and windfall profits taxes, and accrued interest through September 30, 1985, from any Federal leases within three miles of the seaward boundary of any coastal State, including all such revenues which should have been, but which were not, deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of this Act, such coastal State shall be entitled to an additional amount equal to—

(1) 27 percent of all bonuses, rents, royalties, other revenues, and accrued interest through September 30, 1985, derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of such coastal State, less

(2) the amounts paid to such coastal State under section 5102(b) of this Act.

(b) The additional amount due each State under subsection (a) shall be paid from a separate Treasury account which is constituted as set forth in subsection (c). The total amount contained in such account on the last business day of each month shall be paid to each State in an amount proportional to that State's share of the total additional amounts due to all States under subsection (a).

(c) Beginning on October 1, 1986, the Secretary shall deposit into the account described in subsection (b) from the separate account described in section 8(g)(2) of the Outer Continental Shelf Lands Act, as amended by this title, 10 percent of all revenues deposited after October 1, 1986, into the account described in such section 8(g)(2) until such time as the amount due to all coastal States under subsection (a) has been paid.

SEC. 5105. REVISION OF SECTION 19(c).

(a) Section 19(c) of the Outer Continental Shelf Lands Act (43 U.S.C. 1345(c)) is amended to read as follows:

"(c) The Secretary shall accept recommendations of the Governor and may accept recommendations of the executive of any affected local government unless he determines, based on substantial evidence and after having provided the opportunity for consultation, that acceptance of such recommendations would significantly impair the national interest. For purposes of this subsection, a determination of the national interest shall be based on the desirability of obtaining oil and gas supplies in a balanced manner and on the findings, purposes, and

policies of this Act. The Secretary shall inform the Governor in writing of his decision to accept or reject a recommendation or to implement any alternative means to protect the national interest identified in consultation with the Governor, and the reasons for his decision. Should the Secretary reject a recommendation, he shall, no less than thirty days prior to proceeding with the proposed action, provide the Governor with the findings on which his decision is based.".

(b)(1) Section 19(d) of such Act is repealed.

(2) Subsection (e) of section 19 of such Act is redesignated as subsection (d).

TITLE VI—COMMITTEE ON MERCHANT MARINE AND FISHERIES

Subtitle A—Boating Safety Fund

SEC. 6101. BOATING SAFETY FUND.

An amount equal to one-third of the amount transferred for fiscal year 1985 to the Boat Safety Account under section 9503(c)(4) of the Internal Revenue Code of 1954 (26 U.S.C. 9503(c)(4)) shall be deposited in the general fund of the Treasury as proprietary receipts of the department in which the Coast Guard is operating and ascribed to Coast Guard activities. Section 13106(a) of title 46, United States Code, shall be applied with respect to fiscal year 1985 by substituting "one-third" for "two-thirds" in the first sentence.

Subtitle B—NOAA Charts

SEC. 6201. NOAA CHARTS.

(a) Section 1307 of title 44, United States Code (relating to the sale and distribution of charts and associated reference materials published by the National Oceanic and Atmospheric Administration) is amended to read as follows:

"§ 1307. National Oceanic and Atmospheric Administration: charts; sale and distribution

"(a) GENERAL RULE.—Each nautical or aeronautical product shall be sold at a price established by the Secretary of Commerce as follows:

"(1) The Secretary shall increase the price annually, from the price in effect immediately before the date of the enactment of this paragraph, so that by the end of the three-year period beginning on such date it is equal to the costs attributable to data base management, compilation, printing, and distribution which are allocable to the nautical or aeronautical product.

"(2) At all times after the end of such three-year period the price shall be equal to the costs attributable to data base management, compilation, printing, and distribution which are allocable to the nautical or aeronautical product unless the Secretary determines that a lower price is necessary for reasons of air and marine safety.

"(b) EXCEPTIONS AND LIMITATIONS.—

"(1) FOREIGN GOVERNMENTS AND INTERNATIONAL ORGANIZATIONS.—The Secretary of Commerce may distribute nautical and aeronautical products without charge to each foreign government or international organization with which the Secretary or a Federal department or agency has an agreement for exchange of these products without cost.

"(2) DEPARTMENTS AND AGENCIES OF THE UNITED STATES.—The Secretary of Commerce may distribute nautical and aeronautical products to officers and employees of the United States requiring them for official use at such prices as the Secretary may establish.

"(3) EXCHANGES FOR CONTRIBUTIONS OF INFORMATION.—The Secretary of Commerce may distribute nautical and aeronautical products without charge, or at a reduced charge, if the Secretary determines that it is a reasonable exchange for a voluntary contribution of information by the recipient to the National Oceanic and Atmospheric Administration.

"(4) LIMITATION ON COSTS OF ACQUIRING AND PROCESSING DATA.—Prices established under this section shall not include costs attributable to the acquisition or processing of nautical or aeronautical data.

"(c) ANNUAL PUBLICATION OF PRICES.—The Secretary of Commerce shall establish and publish annually the prices at which nautical and aeronautical products are sold to the public under this section.

"(d) DEPOSIT OF REVENUES IN TREASURY.—Revenues from the sale of nautical and aeronautical products shall be deposited in the general fund of the Treasury and credited to miscellaneous receipts.

"(e) REPORT.—Not later than the end of the three-year period beginning on the date of the enactment of this subsection, the Secretary of Commerce shall report to Congress on the effects of raising prices for nautical and aeronautical products under subsection (a), including the effect on air and marine safety.

"(f) DEFINITION OF NAUTICAL AND AERONAUTICAL PRODUCTS.—For purposes of this section, the term 'nautical and aeronautical products' includes all nautical and aeronautical charts, tide and tidal current tables, tidal current charts, coast pilots, water level products, and associated data bases which are created or published by the National Oceanic and Atmospheric Administration.

"(g) SAVINGS PROVISION.—The collection of fees under this section does not—

"(1) alter or expand any duty or liability of the United States under existing law for the performance of functions for which fees are collected; or

"(2) constitute an express or implied undertaking by the United States to perform any activity in a certain manner.".

(b) The table of sections for chapter 13 of title 44, United States Code, is amended by striking out the item relating to section 1307 and inserting in lieu thereof the following:

"1307. National Oceanic and Atmospheric Administration: charts; sale and distribution.".

Subtitle C—Amendments to Fishery Conservation and Management Act of 1976

SEC. 6301. AMENDMENTS TO FISHERY CONSERVATION AND MANAGEMENT ACT OF 1976.

Paragraph (10) of section 204(b) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1824(b)) is amended—

(1) in the third sentence thereof by striking out "and the territorial waters of the United States"; and

(2) by striking out the last sentence of such paragraph and inserting in lieu thereof the following: "The Secretary shall transfer the amount collected during any fiscal year under this paragraph as follows:

"(A) The fisheries loan fund established under section 4 of the Fish and Wildlife Act of 1956 (16 U.S.C. 742c), for so long as such fund exists, shall be credited with an amount that bears to the total cost of carrying out the provisions of this Act (as described in the preceding sentence) during the fiscal year the same ratio as the aggregate quantity of fish harvested by foreign fishing vessels within the fishery conservation zone during the preceding year bears to the aggregate quantity of fish harvested by both foreign and domestic fishing vessels within such zone and the territorial waters of the United States during the preceding year. Such amount may be used for the purpose of making loans from the fund to the extent and in amounts provided for in advance in appropriation Acts.

"(B) The general fund of the United States Treasury shall be credited with any portion of the amount collected during the fiscal year that remains after the Secretary completes the transfer under subparagraph (A)."

SEC. 6302. EFFECTIVE DATE.

The amendments made by section 6301 shall apply to permits issued under section 204(b) of the Magnuson Fishery Conservation and Management Act (16 U.S.C. 1824(b)) on October 1, 1985.

Subtitle D—Amendments to the Outer Continental Shelf Lands Act

SEC. 6401. NATIONAL POLICY FOR THE OUTER CONTINENTAL SHELF.

The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended in subsection (4) of section 3 by deleting the word "and" at the end of paragraph (A); deleting the semicolon at the end of paragraph (B) and inserting in lieu thereof, a period; designating paragraph (B) as paragraph (C); and inserting the following new paragraph (B):

"(B) the distribution of a portion of the receipts from the leasing of mineral resources of the outer Continental Shelf adjacent to State lands, as provided under section 8(g), will provide affected coastal States and localities with funds which shall be used for the mitigation of adverse economic and environmental effects related to the development of such resources;".

SEC. 6402. REVISION OF SECTION 8(g).

Section 8(g) of the Outer Continental Shelf Lands Act (43 U.S.C. 1337(g)) is amended to read as follows:

"(g) Leasing of lands within three nautical miles of seaward boundaries of coastal States:

"(1) At the time of soliciting nominations for the leasing of lands containing tracts wholly or partially within three nautical miles of the seaward boundary of any coastal State, and subsequently as new information is obtained or developed by the Secretary, the Secretary shall, in addition to the information required by section 26 of this Act, provide the Governor of such State—

"(A) an identification and schedule of the areas and regions proposed to be offered for leasing;

"(B) at the request of the Governor of such State, all information from all sources concerning the geographical, geological, and ecological characteristics of such tracts;

"(C) an estimate of the oil and gas reserves in the areas proposed for leasing; and

"(D) at the request of the Governor of such State, an identification of any field, geological structure, or trap located wholly or partially within three nautical miles of the seaward boundary of such coastal State, including all information relating to the entire field, geological structure, or trap.

The provisions of the first sentence of subsection (c) and the provisions of subsections (e)-(h) of section 26 of this Act shall be applicable to the release by the Secretary of any information to any coastal State under this paragraph. In addition, the provisions or subsections (c) and (e)-(h) of this Act shall apply in their entirety to the release by the Secretary to any coastal State of any information relating to federal lands beyond

three nautical miles of the seaward boundary of such coastal State.

"(2) Notwithstanding any other provision of this Act, the Secretary shall deposit into a separate account in the Treasury of the United States all bonuses, rents, royalties and other revenues, excluding federal income and windfall profits taxes, derived from any lease of any federal tract which lies wholly or partially within three nautical miles of the seaward boundary of any coastal State. Except as provided in paragraph (5) of this subsection, not later than the last business day of the month following the month in which those revenues are deposited in the Treasury, the Secretary shall transmit to such coastal State 27 percent of those revenues, together with all accrued interest. The remaining balance of such revenues shall be transmitted simultaneously to the miscellaneous receipts account of the United States Treasury.

"(3) Whenever the Secretary or the Governor of a coastal State determines that a common potentially hydrocarbon-bearing area may underlie the federal and State boundary, the Secretary or the Governor shall notify the other party in writing of his determination and the Secretary shall provide to the Governor notice of the current and projected status of the tract or tracts containing the potentially common hydrocarbon-bearing area. If the Secretary has leased or intends to lease such tract or tracts, the Secretary and the Governor of the coastal State may enter into an agreement to divide the revenues from production of any potentially common hydrocarbon-bearing area, by unitization or other royalty sharing agreement, pursuant to existing law. Any revenues received by the United States under such an agreement shall be subject to the requirements of paragraph (2) of this subsection.

"(4) The deposits in the Treasury account described in this section shall be invested by the Secretary of the Treasury in securities backed by the full faith and credit of the United States having maturities suitable to the needs of the account and yielding the highest available interest rates.

"(5) (A) For all existing and future disputes, including United States v. Alaska, Supreme Court No. 84, Original, between the United States and any State regarding the location of that State's seaward boundary, the Secretary shall deposit in the separate Treasury account described in paragraph (2) of this subsection all revenues not put into a separate escrow account of the Treasury escrowed pursuant to section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) which are attributable to tracts which are wholly or partially within three nautical miles of the seaward boundary claimed by the coastal State in that dispute. Upon final agreement of the parties or upon a final determination by a court of competent jurisdiction resolving such dispute, the Secretary shall distribute such revenues pursuant to paragraph (2) of this subsection based upon the results of the boundary dispute.

"(B) After distribution to any State of its direct entitlement under any final agreement by the parties or any final determination by a court of competent jurisdiction concerning any controversy arising under section 7 of the Outer Continental Shelf Lands Act (43 U.S.C. 1336) that portion of any remaining revenues which is attributable to lease tracts which are wholly or partially withing three nautical miles of such State's seaward boundary as established by such agreement or court decree shall be deposited and then distributed in accordance with the process established under paragraph (2) of this subsection. This paragraph applies to all existing accounts for revenues attributable to leased tracts sold in the Federal/State Joint Beaufort Sea Oil and Gas Lease Sale BF, Sale 71 and Sale 87, all of which involve tracts related to the dispute under section 7 of the Outer Continental Shelf Lands Act in United States v. Alaska, Supreme Court No. 84, Original, as well as to all future Outer Continental Shelf oil and gas lease sales which may involve tracts subject to an ownership dispute.

"(6) This section shall be deemed to take effect on October 1, 1985 for purposes of determining the amounts to be deposited in the separate account and the States' shares described in paragraph (2) of this subsection.

"(7) When the Secretary leases any tract which lies wholly or partially within three miles of the seaward boundary of two or more States, the revenues from such tract shall be distributed as otherwise provided by this section, except that the State's share of such revenues that would otherwise result under this section shall be divided equally among such States."

SEC. 6403. DISTRIBUTION OF 8(g) ACCOUNT.

(a) Prior to January 1, 1986, the Secretary shall distribute to the designated coastal States the sum of:

(1) The amounts due and payable to each such State under paragraph (2) of section 8(g) of the Outer Continental Shelf Lands Act, as amended by this title, for the period between October 1, 1985, and the date of such distribution, and

(2) The amounts due each such State under subsection (b) of this section for the period prior to October 1, 1985.

(b)(1) The funds which were deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of section 6402 of this title shall be distributed in the following manner as a fair and equitable disposition of such funds derived from bonuses and rents and accrued interest thereon through September 30, 1985:

	($ million)
Louisiana	635
Texas	424
California	375
Alabama	73
Alaska	56
Mississippi	15
Florida	0.03

(2) The Secretary shall distribute to each coastal State 27 percent of the royalties derived from any lease of Federal lands within 3 miles of the seaward boundary of such coastal State and accrued interest thereon which have been deposited through September 30, 1985, in the separate account described in paragraph (1) of this subsection, as a fair and equitable disposition of such royalties.

(3) The amounts derived from bonuses, rents and royalties, and accrued interest thereon through September 30, 1985, remaining in the account after distribution to the States under this subsection shall be transmitted to the miscellaneous receipts account of the United States Treasury.

(4) The acceptance of payment under this section shall satisfy and release any and all claims against the United States arising under, or related to, former section 8(g) of the Outer Continental Shelf Lands Act, as amended.

SEC. 6404. IMMOBILIZATION OF BOUNDARIES.

Section 2(b) of the Submerged Lands Act (43 U.S.C. 1301(b)) is amended by inserting before the semicolon at the end of the subsection the following: ", except that any boundary between a State and the United States under this Act which has been or is hereafter fixed by coordinates under a final decree of the United States Supreme Court shall remain immobilized at the coordinates provided under such decree and shall not be ambulatory".

SEC. 6405. RECOUPMENT.

(a) As a fair and equitable disposition of revenues derived between September 18, 1978 and September 30, 1985 from all bonuses, royalties, other revenues, excluding Federal income and windfall profits taxes, and accrued interest through September 30, 1985, from any Federal leases within three miles of the seaward boundary of any coastal State, including all such revenues which should have been, but which were not, deposited in the separate account in the Treasury of the United States under section 8(g)(4) of the Outer Continental Shelf Lands Act Amendments of 1978 (43 U.S.C. 1337(g)(4)) which was in effect prior to the date of enactment of section 6402 of this title, such coastal State shall be entitled to an additional amount equal to:

(1) 27 percent of all bonuses, rents, royalties, other revenues and accrued interest through September 30, 1985, derived from any lease of any Federal tract which lies wholly or partially within three nautical miles of the seaward boundary of such coastal State, less

(2) the amounts paid to such coastal State under section 6403(b) of this title.

(b) The additional amount due each State under subsection (a) of this section shall be paid from a separate Treasury account which is constituted as set forth in subsection (c) of this section. The total amount contained in such account on the last business day of each month shall be paid to each State in an amount proportional to that State's share of the total additional amounts due to all States under subsection (a) of this section.

(c) Beginning on October 1, 1986, the Secretary shall deposit into the account described in subsection (b) of this section from the separate account described in section 8(g)(2) of the Outer Continental Shelf Lands Act, as amended by this title, 10 percent of all revenues deposited after October 1, 1986, into the account described in such section 8(g)(2) until such time as the amount due to all coastal States under subsection (a) of this section has been paid.

SEC. 6406. LOCAL PASSTHROUGH.

Unless otherwise prohibited by its constitution, or a constitutional amendment pending as of the date of enactment of this title, subsequently approved, each State receiving payment under sections 6402, 6403, and 6405 of this title, shall provide no less than 33 percent of the funds to local coastal governments for the mitigation of economic and environmental effects related to OCS mineral leasing, exploration, development, and production. In the case of the State of Alaska, the State shall be considered the local coastal community for the Unorganized Borough.

Subtitle E—Ocean and Coastal Resources Management and Development Block Grant Act

SEC. 6501. DEFINITIONS.

SEC. 6501. FOR PURPOSES OF THIS SUBTITLE—

(1) "block grant" means a National Ocean and Coastal Resources Management and Development Block Grant;

(2) "coastal population" means that term as defined in regulations issued on May 17, 1982, at 15 CFR Part 927;

(3) "coastal-related energy facilities" means any equipment or facility that (A) is or will be used primarily in the exploration for, or the development, production, conversion, storage, transfer, processing, or transportation of, any energy resource or for the manufacture, production, or assembly of equipment, machinery, products, or devices that are involved in any such energy-resource activity, and (B) is, or is likely to be, sited, constructed, expanded, or operated in, or in close proximity to, the coastal zone of any state because of technical requirements;

The term includes, (i) electric generating plants; (ii) facilities associated with the transportation, transfer, or storage of coal; (iii) petroleum refineries and associated facilities; (iv) gasification plants; (v) facilities associated with the transportation, conversion, treatment, transfer, or storage of liquefied natural gas; (vi) oil and gas facilities, including platforms, assembly plants, storage depots, tank farms, crew and supply bases, and refining complexes; (vii) facilities, including deepwater ports, for the transfer of petroleum; (viii) facilities used for alternative ocean energy activities, including those associated with ocean thermal energy conversion; and (ix) pipelines, transmission facilities, and terminals associated with any of the foregoing.

For the purposes of this subtitle, the siting, construction, expansion, or operation of any coastal-related energy facilities is "in close proximity to the coastal zone of any state" if such siting, construction, expansion, or operation has, or is likely to have, a significant effect on such coastal zone.

(4) "coastal state" means the Commonwealth of Puerto Rico and any state of the United States in, or bordering on, the Atlantic Ocean, the Pacific Ocean, the Arctic Ocean, the Gulf of Mexico, Long Island Sound, or one or more of the Great Lakes;

(5) "coastal territory" means the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, American Samoa, or Guam;

(6) "Fund" means the Ocean and Coastal Resources Management and Development Fund;

(7) "local government" means that term as defined in section 304(11) of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453(11)) and, with respect to the State of Alaska, the term includes unincorporated communities, including Alaska Native villages;

(8) "outer Continental Shelf planning area" means one of the geophysical regions of the outer Continental Shelf which is so designated in the Outer Continental Shelf Leasing Program (43 U.S.C. 1344), dated July 21, 1982, or as so designated in subsequent outer Continental Shelf leasing programs;

(9) "proportionately" means in the same ratio as a state's allocation;

(10) "Secretary" means the Secretary of Commerce;

(11) "shoreline mileage" means that term as defined in regulations issued on May 17, 1982, at 15 CFR Part 927; and

(12) "state" means any coastal state or coastal territory.

SEC. 6502. OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT FUND.

(a) There is established in the Treasury of the United States a fund to be known as the Ocean and Coastal Resources Management and Development Fund.

(b)(1) Beginning in fiscal year 1988 and in each fiscal year thereafter, the Secretary of the Treasury shall deposit into the Fund, not later than 60 days after the end of the previous fiscal year, an amount equal to 4 per centum of the average amount of all sums deposited in the Treasury of the United States pursuant to section 9 of the Outer Continental Shelf Lands Act (43 U.S.C. 1338) during the three previous fiscal years.

(2) The amount deposited in the Fund in fiscal year 1988 shall not exceed $150,000,000. The amount deposited in fiscal year 1989 shall not exceed $300,000,000. Beginning in fiscal year 1990, and in each fiscal year thereafter, the amount deposited in the Fund shall not exceed 105 per centum of the amount deposited in the Fund in the prior fiscal year.

(c) As provided in advance by appropriation Acts, the Secretary shall use the total amount of any amounts deposited in the Fund during each fiscal year to carry out the purposes of, and in accordance with, section 6503 of this title.

SEC. 6503. NATIONAL OCEAN AND COASTAL RESOURCES MANAGEMENT AND DEVELOPMENT BLOCK GRANTS.

(a) Subject to the provisions of section 6502(c) and this section, for fiscal year 1988 and for each subsequent fiscal year, the Secretary shall provide to each state a national ocean and coastal resources management and development block grant from amounts paid into the Fund during such fiscal year under section 6502(b).

(b)(1) No state may receive a block grant for a fiscal year unless such state has submitted to the Secretary a report for such fiscal year that—

(A) specifies the proposed allocation by such state of the block grant among coastal zone management activities, coastal energy impact activities, living marine resource activities, and natural resource preservation, enhancement and management activities under section 6504(a); and

(B) describes each proposed activity receiving funds provided by the block grant and the amounts proposed to be expended for each activity.

(2) In order to be eligible to receive a block grant pursuant to this subtitle and before submitting the report required under paragraph (1), each state shall provide opportunities for the public to review and comment on the report and shall hold at least one public hearing on such report at a site in the state convenient for encouraging maximum public participation.

(c) A block grant shall not be paid from the Fund to a state until the state has established a trust fund for the receipt of such grant.

(d) The amount of each block grant provided under subsection (a) shall be determined by the Secretary under a formula established by the Secretary which gives equal consideration to each of the following criteria:

(1) For each state, the equal combination of—

(A) the amount of actual leasing with respect to oil and gas which is carried out under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) during the previous fiscal year which occurs within the Outer Continental Shelf planning area to which such state is adjacent; and

(B) the volume of oil and gas produced from Outer Continental Shelf acreage leased by the Federal Government which is first landed in such state during the previous fiscal year.

(2) For each state, any proposed oil and gas lease sales specified by the Outer Continental Shelf leasing program prepared under section 18(a) of the Outer Continental Shelf Lands Act (43 U.S.C. 1344(a)) and scheduled to occur within the Outer Continental Shelf planning area to which such state is adjacent.

(3) The coastal-related energy facilities (including coal facilities) located within each state during the previous fiscal year. For any state for which the Secretary has not approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), this criterion shall be reduced by fifty per centum. The amounts resulting from such reduction shall be reallocated proportionately, under this paragraph, among states for which the Secretary has approved such a management program.

(4) The shoreline mileage of each state for which the Secretary has approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(5) The coastal population of each state for which the Secretary has approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455).

(e) For purposes of paragraphs (4) and (5) of subsection (d)—

(1) the Secretary shall be presumed to have approved the coastal zone management program of any state if the Secretary determines that, in any fiscal year, such state is making satisfactory progress toward the development of a coastal zone management program which will be approvable under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455). Such presumption may be renewed only once and for a period not to exceed one additional fiscal year if the Secretary makes such determination under this subsection for such additional fiscal year; and

(2) a state shall not receive in excess of 30 per centum of the amounts attributable to either criterion. If any state would receive an allotment greater than 30 per centum, the Secretary shall reduce such allotment to 30 per centum. The amounts resulting from such reduction shall be reallocated proportionately among those states that receive less than 30 per centum of the amounts attributable to such criterion.

(f)(1) For states for which the Secretary has approved a coastal zone management program under section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455), a coastal state shall receive not less than one and sixty two one-hundredths per centum, and a coastal territory not less than one-half of one per centum, of the total amount available for block grants under section 6502(c) during any fiscal year.

(2) If, after the calculations required under subsection (d), any coastal state or coastal territory is to receive a block grant that is less than the respective minimum grant levels established under paragraph (1), the Secretary shall increase such state's block grant to the minimum level. Amounts necessary to make such increases shall be

derived by reducing proportionately the block grant of each state which, as determined under subsection (d), exceeds the respective minimum level under paragraph (1).

(3) For the purposes of the implementation of section 6504(b), block grant levels may fall below the respective minimum levels established under this section.

(g) If, after the calculations required under subsections (d), (e) and (f), any state would receive a block grant which is greater than 15 per centum of the funds appropriated under section 6502(c), the Secretary shall reduce such state's block grant to 15 per centum. The amounts resulting from such reduction shall be reallocated proportionately among states receiving less than 15 per centum of such funds and more than the minimum grant levels under subsection (f).

SEC. 6504. REQUIREMENTS ON THE USE OF BLOCK GRANTS.

Block grants provided to a state under section 6503(a) shall be used for the enhancement and management of ocean and coastal resources and for the amelioration of any adverse impacts that result from the siting, construction, expansion, or operation of coastal-related energy facilities.

(a) Such block grants shall be used only for each of the following activities:

(1) activities of such state authorized by the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.);

(2) activities of such state pursuant to the coastal energy impact program administered under section 308 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1457);

(3) activities of such state for the enhancement, management and development of living marine resources; and

(4) activities of such state for the preservation, enhancement and management of its natural resources including coastal habitats.

(b) Nothing in this subtitle shall be construed to repeal or modify, by implication or otherwise, section 312 of the Coastal Zone Management Act of 1972 (16 U.S.C 1461). The Secretary shall reduce any block grant, provided under this subtitle to a state that has an approved program under section 306 of the Coastal Zone Management Act (16 U.S.C. 1455), by no more than 30 per centum of the amount of such state's block grant that is attributable to paragraphs (4) and (5) of section 6503(d) of this subtitle, if the Secretary makes the determination provided in section 312(c) of the Coastal Zone Management Act.

SEC. 6505. LOCAL GOVERNMENTS.

(a) Each State receiving a block grant in any fiscal year under section 6503(a) shall—

(1) establish an effective mechanism for consultation and coordination with its local governments with respect to the allocation of such block grant within the state; and

(2) provide to its local governments allocations from such block grant, taking into consideration the responsibilities of the local governments in carrying out activities under section 6504(a).

(b) In carrying out its responsibilities under subsection (a)(2), the State shall give particular emphasis to the activities of local governments in—

(1) providing public services and public facilities required as a result of the siting, construction, expansion, or operation of coastal-related energy facilities; and

(2) preventing, reducing, or ameliorating any unavoidable loss of valuable environmental or recreational resources if such loss results from the siting, construction, expansion, or operation of coastal-related energy facilities.

(c) In carrying out its responsibilities under this section, each State shall provide no less than 33⅓ per centum of each block grant received under section 6503(a) to its local governments.

SEC. 6506. AUDIT.

(a) Under regulations promulgated by the Secretary, any State receiving a block grant under section 6503(a) shall, for each fiscal year that it receives such grant, submit to the Secretary a financial audit of the trust fund established pursuant to section 6503(c). The income derived from such trust fund for each fiscal year shall be included in the audit required by this section.

(b) Each audit submitted by a State under subsection (a) shall—

(1) contain a statement of all funds provided by the block grant received by such State for the fiscal year;

(2) include a statement of all financial assistance provided to such State's local governments pursuant to section 6505;

(3) be conducted by an entity which is independent of any agency or official administering or using funds provided by such block grant; and

(4) be conducted in accordance with the financial and compliance element of the standards for audit of governmental organizations, activities, and functions established by the Comptroller General of the United States.

(c) After receiving a State's financial audit under this section, the Secretary shall—

(1) make a preliminary evaluation of each audit submitted pursuant to this section. If the Secretary determines, in the preliminary evaluation of a State's audit, that all or any part of the block grant has not been used as required by this subtitle, the Secretary shall publish notice of this finding in the Federal Register. In addition, the Secretary may suspend, and place in escrow, an amount from any future block grant which is equivalent to the amount misused, pending final determination pursuant to paragraph (3);

(2) provide the state with an opportunity for a hearing; and

(3) make a final determination.

(d) If the Secretary makes a final determination under subsection (c)(3) that all or any part of such funds were not used as required by this subtitle, the Secretary shall—

(1) provide in writing to the State the reasons for the determination and the amount of funds misused; and

(2) take appropriate action to recover an amount equal to that determined to have been misused under subsection (c), including the withholding of such amount from a State's future block grant or the amount which may have been suspended under subsection (c)(1).

(e) If no appeal of the final determination is filed within sixty days following notification to the State of the final determination, any funds withheld or recovered by the Secretary under subsection (d)(2) shall be returned to the Fund.

(f) If an appeal of the final determination is filed within the sixty-day period specified in subsection (e), any funds withheld by the Secretary shall be held in escrow until such time as a final determination is made of the appeal.

SEC. 6507. RULES AND REGULATIONS.

The Secretary shall promulgate, pursuant to section 553 of title 5, United States Code, after notice and opportunity for participation by relevant Federal agencies, State agencies, local governments, regional organizations, and other interested parties, both public and private, such rules and regulations as may be necessary to carry out the provisions of this subtitle.

Subtitle F—Amendments to the Coastal Zone Management Act

SEC. 6601. SHORT TITLE.

This subtitle may be cited as the "Coastal Zone Management Reauthorization Act of 1985".

SEC. 6602. REFERENCE.

Whenever in this subtitle an amendment or repeal is expressed in terms of an amendment, or repeal, of a section, subsection, paragraph, or other provision, the reference is to be considered to be made to a section, subsection, paragraph, or other provision of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.) unless otherwise specified.

SEC. 6603. REDUCTION OF ADMINISTRATIVE GRANTS.

(a) Section 312(c)(16 U.S.C. 1458(c)) is amended by striking "if the Secretary determines" and all that follows thereafter and inserting in lieu thereof the following: "if the Secretary determines that the coastal state—

"(1) is failing to make significant improvement in achieving the coastal management objectives specified in section 303(2)(A) through (I); or

"(2) is failing to make satisfactory progress in providing in its management program for the matters referred to in section 306(i)(A) and (B).".

(b)(1) Subsection (a) of section 306 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1455) is amended by striking, "The Secretary may" and all that follows through "if the Secretary—" and substituting in lieu thereof the following: "The Secretary may make grants to any coastal state for the purpose of administering that state's management program, if the state provides for the applicable fiscal year: 20 per centum of the grant for fiscal year 1986; 30 per centum of the grant for fiscal year 1987; 40 per centum of the grant for fiscal year 1988; and 50 per centum of the grant for each fiscal year thereafter. The Secretary may make the grant only if the Secretary—".

(2) Section 306A is amended by striking section (d)(1) and substituting in lieu thereof the following:

"(d)(1) The Secretary may make grants to any coastal state for the purpose of carrying out the project or purpose for which such grants are awarded, if the state provides for the applicable fiscal year: 20 per centum of the grant for fiscal year 1986; 30 per centum of the grant for fiscal year 1987; 40 per centum of the grant for fiscal year 1988; and 50 per centum of the grant for each fiscal year thereafter.".

(c) Section 306(g) (16 U.S.C. 1455) is amended by striking all that follows after the first sentence, and inserting in lieu thereof, the following: "Provided that—

"(1) The state shall promptly notify the Secretary of any proposed amendment, modification or other program change and submit it for Secretarial approval. The Secretary may suspend all or part of any grant made under this section pending state submission of the proposed amendment, modification or other program change;

"(2) The state may not implement any proposed amendment as part of its approved program pursuant to section 306, until after it has been approved by the Secretary, and the Secretary may not authorize any federal

financial assistance for such implementation until the Secretary approves the amendment; and

"(3) Within four months from the date on which any proposed amendment is received by the Secretary, the Secretary shall notify the state of the decision to approve or disapprove it. This period may be extended only as necessary to meet the requirements of the National Environmental Policy Act (42 U.S.C. 4321).".

SEC. 6604. NATIONAL ESTUARINE RESERVE RESEARCH SYSTEM.

Section 315 (16 U.S.C. 1461) is amended to read as follows:

"NATIONAL ESTUARINE RESERVE RESEARCH SYSTEM

"(a) ESTABLISHMENT OF THE SYSTEM.—There is established the National Estuarine Reserve Research System (hereinafter referred to in this section as the 'System') that consists of—

"(1) each estuarine sanctuary designated under this section as in effect before October 1, 1985; and

"(2) each estuarine area designated as a national estuarine reserve under subsection (b).

Each estuarine sanctuary referred to in paragraph (1) is hereby designated as a national estuarine reserve.

"(b) DESIGNATION OF NATIONAL ESTUARINE RESERVES.—After September 30, 1985, the Secretary may designate an estuarine area as a national estuarine reserve if—

"(1) the Governor of the coastal state in which the area is located nominates the area for that designation; and

"(2) The Secretary finds that—

"(A) the area is a representative estuarine ecosystem that is suitable for long-term research and contributes to the biogeographical and typological balance of the System;

"(B) the law of the coastal State provides long-term protection for reserve resources to ensure a stable environmental for research;

"(C) designation of the area as a reserve will serve to enhance public awareness and understanding of estuarine areas, and provide suitable opportunities for public education and interpretation; and

"(D) the coastal State in which the area is located has complied with the requirements of any regulations issued by the Secretary to implement this section.

"(c) ESTUARINE RESEARCH GUIDELINES.—The Secretary shall develop guidelines for the conduct of research within the System that shall include—

"(1) a mechanism for identifying, and establishing priorities among, the coastal management issues that should be addressed through coordinated research within the System;

"(2) the establishment of common research principles and objectives to guide the development of research programs within the System;

"(3) the identification of uniform research methodologies which will ensure comparability of data, the broadest application of research results, and the maximum use of the System for research purposes;

"(4) the establishment of performance standards upon which the effectiveness of the research efforts and the value of reserves within the System in addressing the coastal management issues identified in subsection (1) may be measured; and

"(5) the consideration of additional sources of funds for estuarine research than the funds authorized under this Act, and strategies for encouraging the use of such funds within the System, with particular emphasis on mechanisms established under subsection (d).

In developing the guidelines under this section, the Secretary shall consult with prominent members of the estuarine research community.

"(d) PROMOTION AND COORDINATION OF ESTUARINE RESEARCH.—The Secretary shall take such action as is necessary to promote and coordinate the use of the System for research purposes including—

"(1) requiring that the National Oceanic and Atmospheric Administration, in conducting or supporting estuarine research, give priority consideration to research that uses the System; and

"(2) consulting with other Federal and State agencies to promote use of one or more reserves within the System by such agencies when conducting estuarine research.

"(e) FINANCIAL ASSISTANCE.—(1) The Secretary may, in accordance with such rules and regulations as the Secretary shall promulgate, make grants—

"(A) to a coastal State—

"(i) for purposes of acquiring such lands and waters, and any property interests therein, as are necessary to ensure the appropriate long-term management of an area as a national estuarine reserve,

"(ii) for purposes of operating or managing a national estuarine reserve and constructing appropriate reserve facilities, or

"(iii) for purposes of conducting educational or interpretive activities; and

"(B) to any coastal State or public or private person for purposes of supporting research and monitoring within a national estuarine reserve that are consistent with the research guidelines developed under subsection (c).

"(2) Financial assistance provided under paragraph (1) shall be subject to such terms and conditions as the Secretary considers necessary or appropriate to protect the interests of the United States, including requiring coastal States to execute suitable title documents setting forth the property interest or interests of the United States in any lands and waters acquired in whole or part with such financial assistance.

"(3)(A) The amount of the financial assistance provided under paragraph (1)(A)(i) of subsection (e) with respect to the acquisition of lands and waters, or interests therein, for any one national estuarine reserve may not exceed an amount equal to 50 per centum of the costs of the lands, waters, and interests therein or $4,000,000, whichever amount is less.

"(B) The amount of the financial assistance provided under paragraph (1)(A) (ii) and (iii) and paragraph (1)(B) of subsection (e) may not exceed 50 per centum of the costs incurred to achieve the purposes described in those paragraphs with respect to a reserve.

"(f) EVALUATION OF SYSTEM PERFORMANCE.—(1) The Secretary shall periodically evaluate the operation and management of each national estuarine reserve, including education and interpretive activities, and the research being conducted within the reserve.

"(2) If evaluation under paragraph (1) reveals that the operation and management of the reserve is deficient, or that the research being conducted within the reserve is not consistent with the research guidelines developed under subsection (c), the Secretary may suspend the eligibility of that reserve for financial assistance under subsection (e) until the deficiency or inconsistency is remedied.

"(3) The Secretary may withdraw the designation of an estuarine area as a national estuarine reserve if evaluation under paragraph (1) reveals that—

"(A) the basis for any one or more of the findings made under subsection (b)(2) regarding that area no longer exists; or

"(B) a substantial portion of the research conducted within the area, over a period of years, has not been consistent with the research guidelines developed under subsection (c).

"(g) ANNUAL REPORT.—Beginning with fiscal year 1987, the Secretary shall provide to the Congress an annual report that sets forth, with respect to the period covered by the report—

"(1) new designations of national estuarine reserves;

"(2) any expansion of existing national estuarine reserves;

"(3) the status of the research program being conducted within the System; and

"(4) a summary of the evaluations made under subsection (f). "The Secretary shall submit the report within three months after the end of the fiscal year covered by the report.".

SEC. 6605. REPEALS.

The following are repealed:

(1) Section 310 (16 U.S.C. 1456c; relating to research and tehnical assistance programs and grants).

(2) Section 314 (16 U.S.C. 1460; establishing the Coastal Zone Management Advisory Committee).

(3) Subsection (c) of section 15 of the Coastal Zone Management Act Amendments of 1976, Public Law 94-370 (16 U.S.C. 1451 note; relating to certain additional personnel positions).

SEC. 6606. AUTHORIZATIONS OF APPROPRIATIONS.

Section 318 (16 U.S.C. 1464) is amended as follows:

(1) by amending paragraph (1) to read as follows:

"(1) such sums, not to exceed $36,600,000 for the fiscal year ending September 30, 1987; $37,900,000 for the fiscal year ending September 30, 1988; $38,800,000 for the fiscal year ending September 30, 1989; and $40,600,000 for the fiscal year ending September 30, 1990, as may be necessary for grants under sections 306 and 306A, to remain available until expended;".

(2) By striking paragraph (2) and renumbering subsequent paragraphs—

(3) By amending the new paragraph (3) to read as follows:

"(3) such sums, not to exceed $1,500,000 for each of the fiscal years occurring during the period beginning October 1, 1986, and ending September 30, 1990, as may be necessary for grants under section 309, to remain available until expended;".

(4) By amending the new paragraph (4) to read as follows:

"(4) such sums, not to exceed $3,800,000 for the fiscal year ending September 30, 1987; $4,500,000 for the fiscal year ending September 30, 1988; $5,000,000 for the fiscal year ending September 30, 1989; and $5,500,000 for the fiscal year ending September 30, 1990, as may be necessary for grants under section 315, to remain available until expended;" and

(5) By amending the new paragraph (5) to read as follows:

"(5) such sums, not to exceed $3,300,000 for the fiscal year ending September 30, 1987; $3,300,000 for the fiscal year ending

September 30, 1988; $4,000,000 for the fiscal year ending September 30, 1989; and $4,000,000 for the fiscal year ending September 30, 1990, as may be necesssary for administrative expenses incident to the administration of this title.".

SEC. 6607. TECHNICAL AMENDMENT.

Section 308(h) (16 U.S.C. 1456a(h)) is amended by deleting "subsections (c)(1)" each place it appears and inserting instead "subsections (c)".

Subtitle G—Merchant Marine Act Amendments

SEC. 6701. MERCHANT MARINE ACT AMENDMENTS.

The Merchant Marine Act, 1936 (46 App. U.S.C. 1101 et seq.) is amended—

(1) by amending section 607(k)(1) to read:

"(1) The term 'eligible vessel' means a vessel—

"(A) documented under the laws of the United States; or

"(B) owned by a United States controlled foreign corporation.";

(2) by amending section 607(k) (2)(C) to read:

"(C) which the person maintaining the fund agrees with the Secretary will be operated in, or assisting in, the operation of a vessel in United States or foreign waters in—

"(1) the foreign, Great Lakes, or noncontiguous domestic trade of the United States;

"(2) the fisheries of the United States; or

"(3) support of exploration, exploitation, or production of offshore mineral or energy resources."; and

(3) in section 607(1) by striking "require." and substituting "require, including a schedule of projected deposits and withdrawals, for a period of not less than ten years, to meet the program objectives.".

Subtitle H—Use of American-Built Rigs For OCS Drilling

SEC. 6801. USE OF AMERICAN-BUILT RIGS FOR OCS DRILLING.

Section 5 of the Outer Continental Shelf Lands Act (43 U.S.C. 1334) is amended by adding at the end the following new subsection:

"(j)(1) Any vessel, rig, platform, or other structure used for the purpose of exploration or production of oil and gas on the outer Continental Shelf south of 49 degrees North latitude shall be built—

"(A) in the United States; and

"(B) from articles, materials, or supplies at least 50 percent of which, by cost, shall have been mined, produced, or manufactured, as the case may be, in the United States.

"(2) The requirements of paragraph (1) shall not apply to any vessel, rig, platform, or other structure which was built, which is being built, or for which a building contract has been executed, on or before October 1, 1985.

"(3) The Secretary may waive—

"(A) the requirement in paragraph (1)(B) whenever the Secretary determines that 50 percent of the articles, materials, or supplies for a vessel, rig, platform, or other structure cannot be mined, produced, or manufactured, as the case may be, in the United States, and

"(B) the requirement in paragraph (1)(A) upon application, with respect to any classification of vessels, rigs, platforms, or other structures on a specific lease, when the Secretary determines that at least 50 percent of such classification, as calculated by number and by weight, which are to be built for exploration or production activities under such lease will be built in the United States in compliance with the requirements of paragraph (1)(A).".

TITLE VII—COMMITTEE ON POST OFFICE AND CIVIL SERVICE

SEC. 7101. PAY ADJUSTMENTS DURING FISCAL YEARS 1986, 1987, AND 1988.

(a) ADJUSTMENTS FOR EMPLOYEES UNDER STATUTORY PAY SYSTEMS.—(1) Notwithstanding any other provision of law, adjustments under section 5305 of title 5, United States Code, in the rates of pay under the General Schedule and in the rates of pay under the other statutory pay systems shall be as follows:

(A) In the case of fiscal year 1986, no adjustment under such section shall be made.

(B) In the case of fiscal year 1987, the overall percentage of the adjustment under such section shall be an increase of 5 percent.

(C) In the case of fiscal year 1988, the overall percentage of the adjustment under such section shall be an increase of 5 percent.

(2) Each increase in a pay rate or schedule which takes effect pursuant to subparagraph (B) or (C) of paragraph (1) shall, to the maximum extent practicable, be of the same percentage and shall take effect as of the beginning of the first applicable pay period beginning on or after January 1 of the fiscal year involved.

(b) ADJUSTMENTS FOR PREVAILING RATE EMPLOYEES.—(1) Notwithstanding any other provision of law, and except as otherwise provided in this subsection, in the case of a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, or an employee covered by section 5348 of such title, the total adjustment to any wage schedule or rate applicable to such employee which is to become effective (determined without regard to paragraph (2)) during—

(A) fiscal year 1986, shall (except to the extent permitted by section 616(a)(2) of H.R. 5798, incorporated by reference in section 101(j) of Public Law 98-473 (98 Stat. 1963)) be equal to zero;

(B) fiscal year 1987, shall not exceed an increase of 5 percent; and

(C) fiscal year 1988, shall not exceed an increase of 5 percent.

(2) Notwithstanding any other provision of law, any increase permitted by paragraph (1) which is scheduled to take effect during fiscal year 1987 or 1988 (determined without regard to this paragraph) shall take effect as of the beginning of the first applicable pay period beginning at least 90 days after the date on which such increase is so scheduled to take effect.

(3) Notwithstanding the provisions of section 9(b) of Public Law 92-392 or section 704(b) of Public Law 95-454, the provisions of paragraph (1) shall apply (in such manner as the Office of Personnel Management shall prescribe) to prevailing rate employees to whom such section 9(b) applies, except that the provisions of paragraph (1) shall not apply to any increase in a wage schedule or rate which is required by the terms of a contract entered into before October 1, 1985.

(4) Nothing in this subsection or any provision of law governing the use of appropriated funds for the payment of employees covered by this subsection during the period covered by paragraph (1) (or any part of such period) shall be construed to permit or require the payment to any such employee at a rate in excess of the rate that would be payable were this subsection, or such provision of law governing the use of appropriated funds, not in effect.

(5) The Office may make exceptions from the limitations imposed by paragraph (1) if the Office determines that such exceptions are necessary to ensure the recruitment or retention of well-qualified employees.

(c) ASSUMPTION.—Notwithstanding any other provision of law, determinations relating to amounts to be appropriated in order to provide for the respective adjustments described in subparagraphs (B) and (C) of subsection (a)(1), and subparagraphs (B) and (C) of subsection (b)(1), shall be made based on the assumption that the various departments and agencies of the Government will, in the aggregate, and with respect to the fiscal year involved, absorb 33 percent of the increase in total pay for such year, as defined in subsection (d)(2).

(d) DEFINITIONS.—For purposes of this section—

(1) the term "total pay" means, with respect to a fiscal year—

(A) the total amount of basic pay which, in the case of employees covered by the statutory pay systems, will be payable to such employees for service performed during such year; and

(B) the total amount of basic pay which, in the case of prevailing rate employees described in section 5342(a)(2) of title 5, United States Code, and employees covered by section 5348 of such title, will be payable to employees under those respective provisions for service performed during such year;

(2) the term "increase in total pay" means, with respect to a fiscal year, that part of total pay for such year which is attributable to the adjustment taking effect under this section during such year; and

(3) the term "statutory pay system" has the meaning given such term by section 5301(c) of title 5, United States Code.

SEC. 7102. AMENDMENTS RELATING TO FEDERAL EMPLOYEES HEALTH BENEFITS PROGRAM.

(a) AMOUNTS TO BE REFUNDED FROM CARRIERS' SPECIAL RESERVES.—(1) The Office of Personnel Management—

(A) shall determine the minimum level of financial reserves necessary to be held by a carrier for each health benefits plan under chapter 89 of such title for the purpose of ensuring the stable and efficient operation of such plan; and

(B) shall require the carrier to refund to the Employees Health Benefits Fund any such reserves in excess of such minimum level in such amounts and at such times during fiscal years 1986 and 1987 as the Office determines appropriate.

Any refund made by a carrier under this subsection shall be credited to the contingency reserve of the health benefits plan of such carrier (as described in section 8909(b) of such title).

(2) In carrying out its responsibilities under this subsection, the Office shall ensure that the aggregate amount to be refunded to the Employees Health Benefits Fund under this subsection—

(A) during fiscal year 1986 shall be not less than $800,000,000; and

(B) during fiscal year 1987 shall be not less than $300,000,000.

(3) No amount in any of the contingency reserves referred to in paragraph (1) may be transferred to the general fund of the Treasury of the United States, to the United States Postal Service, or to the government of the District of Columbia as a

result of a refund made under this subsection.

(b) ELIMINATION OF 75 PERCENT LIMITATION ON GOVERNMENT CONTRIBUTIONS FOR FISCAL YEARS 1986 AND 1987.—Effective for each of the contract years commencing in fiscal years 1986 and 1987, respectively, the maximum biweekly Government contribution allowable under section 8906(b)(2) of title 5, United States Code, for any individual shall be 100 percent of the applicable subscription charge.

SEC. 7103. CONVERSION OF ANNUAL TO HOURLY RATES OF PAY BASED ON 2,087 HOURS PER YEAR.

(a) CONVERSION.—Section 5504(b) of title 5, United States Code, is amended—

(1) by striking out the first sentence;

(2) in the second sentence, by striking out "When" and inserting in lieu thereof "When, in the case of an employee,";

(3) in paragraph (1), by striking out "2,080" and inserting in lieu thereof "2,087"; and

(4) in the last sentence, by striking out "title." and inserting in lieu thereof "title other than an employee or individual excluded by section 5541(2)(xvi) of this title.".

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall take effect as of the beginning of the first applicable pay period commencing on or after October 1, 1985.

(c) TERMINATION DATE.—The amendments made by paragraphs (1), (2), and (3) of subsection (a) shall cease to have effect as of the beginning of the first applicable pay period commencing on or after October 1, 1988.

SEC. 7104. SAVINGS UNDER POSTAL SERVICE PROGRAMS.

(a) REDUCTION OF AUTHORIZATION FOR REVENUE FORGONE.—Notwithstanding subsection (c) of section 2401 of title 39, United States Code, the amount authorized to be appropriated pursuant to such subsection for fiscal year 1986 shall be $749,000,000.

(b) REDUCTION OF TRANSITIONAL APPROPRIATIONS.—(1) Notwithstanding section 2004 of title 39, United States Code—

(A) no sum is authorized to be appropriated pursuant to such section for fiscal year 1986; and

(B) for fiscal year 1989, there is authorized to be appropriated—

(i) such sums as may be necessary to carry out such section in such year; and

(ii) such sums as may be necessary to reimburse the Postal Service Fund (established by section 2003 of such title) for any expenditures made from such Fund under paragraph (2).

(2) The United States Postal Service, during fiscal year 1986, shall carry out section 2004 of title 39, United States Code, using any amounts available in the Postal Service Fund.

TITLE VIII—COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION

Subtitle A—Highway Programs

SEC. 8101. REDUCTIONS IN HIGHWAY APPORTIONMENTS.

(a) PRIMARY SYSTEM.—The first sentence of section 105(a)(1) of the Highway Improvement Act of 1982 is amended by striking out "$2,450,000,000" and inserting in lieu thereof "$2,300,000,000".

(b) BRIDGE REPLACEMENT AND REHABILITATION.—Section 202(1) of the Highway Safety Act of 1982 is amended by striking out "$2,050,000,000" and inserting in lieu thereof "$1,750,000,000".

(c) INTERSTATE 4R.—The first sentence of section 105 of the Federal-Aid Highway Act of 1978 is amended by striking out "$3,150,000,000" and inserting in lieu thereof "$2,800,000,000".

(d) APPORTIONMENT ADJUSTMENTS.—

(1) DETERMINATION OF ADJUSTMENT AMOUNT.—On the first day following the effective date of this Act, the Secretary of Transportation shall determine—

(A) the amount of funds that would have been apportioned to each State on October 1, 1985—

(i) for the Federal-aid primary system program if the amendment made by subsection (a) had been in effect on such date;

(ii) for the highway bridge replacement and rehabilitation program if the amendment made by subsection (b) had been in effect on such date; and

(iii) for the program to resurface, restore, rehabilitate, and reconstruct routes on the National System of Interstate and Defense Highways if the amendment made by subsection (c) had been in effect on such date; and

(B) the amount by which the amount which was apportioned to such State on October 1, 1985, for such program exceeds the amount determined under subparagraph (A) for such program.

(2) ADJUSTMENTS TO CURRENT APPORTIONMENT.—To the extent that any funds—

(A) which were apportioned to a State on October 1, 1985, for any program referred to in paragraph (1)(A); and

(B) which are unobligated on the first day following the effective date of this Act;

do not exceed the amount determined under paragraph (1)(B) for such program, such apportioned and unobligated funds shall lapse on such first day.

(3) ADJUSTMENT TO FUTURE APPORTIONMENT.—If the amount determined under paragraph (1)(B) with respect to the apportionment made on October 1, 1985, to any State for any program referred to in paragraph (1)(A) is greater than the amount of funds which lapse from the apportionment to such State for such program under paragraph (2), the Secretary of Transportation shall reduce the amount which, but for this paragraph, would otherwise be apportioned to such State for such program on October 1, 1986, by the amount of such excess.

SEC. 8102. OBLIGATION CEILING.

(a) GENERAL LIMITATION.—Notwithstanding any other provision of law, the total of all obligations for Federal-aid highways and highway safety construction programs shall not exceed—

(1) $13,250,000,000 for fiscal year 1986;

(2) $13,800,000,000 for fiscal year 1987; and

(3) $14,400,000,000 for fiscal year 1988.

(b) EXCEPTIONS.—The limitations under subsection (a) shall not apply to obligations—

(1) under section 125 of title 23, United States Code;

(2) under section 157 of such title;

(3) under section 320 of such title;

(4) under section 147 of the Surface Transportation Assistance Act of 1978;

(5) under section 9 of the Federal-Aid Highway Act of 1981;

(6) under sections 131(b) and 131(j) of the Surface Transportation Assistance Act of 1982;

(7) under section 118 of the National Visitor Center Facilities Act of 1968; and

(8) for completion of the Zilwaukee Bridge required because of construction failure.

No obligation constraints shall be placed upon any ongoing emergency project carried out under section 125 of title 23, United States Code, or section 147 of the Surface Transportation Assistance Act of 1978.

(c) DISTRIBUTION OF OBLIGATIONAL AUTHORITY.—For each of fiscal years 1986, 1987, and 1988, the Secretary of Transportation shall distribute the limitation imposed by subsection (a) by allocation as follows:

(1) 95 percent of such limitation shall be allocated among the States in the ratio which sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to each State for such fiscal year bears to the total of the sums authorized to be appropriated for Federal-aid highways and highway safety construction which are apportioned or allocated to all the States for such fiscal year.

(2) 5 percent of such limitation shall be allocated among the States in the ratio which sums apportioned or allocated for Federal-aid highways and highway safety construction which remain available for obligation to each State and are unobligated on the last day of the fiscal year preceding such fiscal year and which will not lapse at the end of such last day bears to the total of the sums apportioned or allocated for Federal-aid highways and highway safety construction which remain available for obligation to all the States and are unobligated on such last day and which will not lapse at the end of such last day.

(d) LIMITATION ON OBLIGATIONAL AUTHORITY.—During the period October 1 through December 31 of each of fiscal years 1986, 1987, and 1988, no State shall obligate more than 35 percent of the amount distributed to such State under subsection (c) for such fiscal year, and the total of all State obligations during such period shall not exceed 25 percent of the total amount distributed to all States under such subsection for such fiscal year.

(e) REDISTRIBUTION OF UNUSED OBLIGATIONAL AUTHORITY.—Notwithstanding subsections (c) and (d), the Secretary of Transportation shall—

(1) provide all States with authority sufficient to prevent lapses of sums authorized to be appropriated for Federal-aid highways and highway safety construction which have been apportioned or allocated to a State, except in those instances in which a State indicates its intention to lapse sums apportioned under section 104(b)(5)(A) of title 23, United States Code;

(2) after August 1 of each of fiscal years 1986, 1987, and 1988, revise a distribution of the funds made available under subsection (c) for such fiscal year if a State will not obligate the amount distributed during such fiscal year and redistribute sufficient amounts to those States able to obligate amounts in addition to those previously distributed during such fiscal year giving priority to those States having large unobligated balances of funds apportioned under section 104 of title 23, United States Code, and giving priority to those States which, because of statutory changes made by the Surface Transportation Assistance Act of 1982 and the Federal-Aid Highway Act of 1981, have experienced substantial proportional reductions in their apportionments and allocations; and

(3) not distribute amounts authorized for administrative expenses and Federal lands highways programs.

(f) CONFORMING AMENDMENT.—Section 157(b) of title 23, United States Code, is amended by striking out the period at the end of the last sentence and inserting in lieu

thereof "and section 8102(c) of the Omnibus Budget Reconciliation Act of 1985.".

SEC. 8103. OHIO RIVER BRIDGE FUND REPROGRAMMING.

Section 147 of the Federal-Aid Highway Act of 1978 is amended by inserting "(a)" after "SEC. 147." and by adding at the end thereof the following new subsection:

"(b)(1) Funds which have been set aside previously pursuant to the fourth and fifth sentences of subsection (a) of this section and which are in excess of the amounts needed to complete the projects authorized by such subsection shall be available to the Secretary of Transportation to carry out the following state-of-the-art technology projects:

"(A) Construction of a bridge (including approaches thereto) across the Ohio River between Newport, Kentucky, and Cincinnati, Ohio, to replace a bridge on a highway designated as a United States route.

"(B) Construction of a bridge (including approaches thereto) across the Ohio River near Covington, Kentucky, and Cincinnati, Ohio, to replace a bridge on a Kentucky State highway.

"(C) Construction of a bridge (including approaches thereto) across the Ohio River between Maysville, Kentucky, and Aberdeen, Ohio, to replace a bridge on a highway designated as a United States route.

"(2) In order to demonstrate the latest high-type geometric design features (including safety hardware) and new advances in highway bridge construction, the projects authorized by this subsection shall utilize state-of-the-art technology, and all design elements, including the decking, shall be designed to provide the best life-cycle costs, thereby minimizing future maintenance and rehabilitation costs.

"(3) The Secretary of Transportation shall provide necessary technical assistance in the design and construction of projects under this subsection.

"(4) Not later than one year, six years, 11 years, and 21 years after the completion of the state-of-the-art technology projects under this subsection, the Secretary of Transportation shall submit reports to Congress, including but not limited to the results of such projects, the effects of using the best available technology on safety and other considerations, recommendations for applying the results to other bridge projects, and any changes that may be necessary by law to permit further use of such features.

"(5) In allocating funds made available to carry out this subsection, the Secretary shall assure that sufficient funds are allocated to the projects described in subparagraphs (A) and (B) of paragraph (1) to complete such projects. Any remaining funds shall be used to carry out the project described in subparagraph (C) of such paragraph.

"(6) Funds made available to carry out this subsection shall be available for obligation in the same manner and to the same extent as if such funds were apportioned under chapter 1 of title 23, United States Code, except that such funds shall be available until expended and shall not be subject to any obligation limitation. The Federal share of the projects carried out under this subsection shall be that provided in subsection (a).".

Subtitle B—Highway and Airport Trust Funds

SEC. 8201. BUDGETARY TREATMENT OF HIGHWAY AND AIRPORT TRUST FUND OPERATIONS.

(a) IN GENERAL.—The receipts and disbursements of the Highway Trust Fund and the Airport and Airway Trust Fund allocable to the transportation-related operations of each such Trust Fund—

(1) shall not be included in the totals of—

(A) the budget of the United States Government as submitted by the President, or

(B) the congressional budget, and

(2) shall be exempt from any general budget limitation imposed by statute on expenditures and net lending (budget outlays) of the United States Government.

(b) TRANSPORTATION-RELATED OPERATIONS.—For purposes of subsection (a), the transportation-related operations—

(1) of the Highway Trust Fund are the disbursements, and the receipts allocable to such disbursements, under—

(A) paragraph (1) of section 9503(c) of the Internal Revenue Code of 1954 (relating to expenditures from the Highway Trust Fund for the Federal-aid highway program), and

(B) paragraph (3) of section 9503(e) of such Code (relating to expenditures from the Mass Transit Account); and

(2) of the Airport and Airway Trust Fund are the disbursements, and the receipts allocable to such disbursements, under paragraph (1) of section 9502(d) of the Internal Revenue Code of 1954 (relating to expenditures from the Airport and Airway Trust Fund for the airport and airway program).

(c) EFFECTIVE DATE.—This section shall apply to fiscal years beginning after September 30, 1986.

SEC. 8202. AIRPORT AND AIRWAY TRUST FUND.

The Airport and Airway Improvement Act of 1982 is amended by adding at the end the following new section:

"SEC. 533. ADJUSTMENTS OF AUTHORIZATIONS AND APPORTIONMENTS.

"(a) ESTIMATES OF UNFUNDED AVIATION AUTHORIZATIONS AND NET AVIATION RECEIPTS.—Not later than March 31 of each year, the Secretary of Transportation, in consultation with the Secretary of the Treasury, shall estimate—

"(1) the amount which would (but for this section) be the unfunded aviation authorizations at the close of the next fiscal year, and

"(2) the net aviation receipts for the 24-month period beginning at the close of such fiscal year.

"(b) PROCEDURE WHERE THERE IS EXCESS UNFUNDED AVIATION AUTHORIZATIONS.—If the Secretary of Transportation determines for any fiscal year that the amount described in subsection (a)(1) exceeds the amount described in subsection (a)(2), he shall determine the amount of such excess.

"(c) ADJUSTMENT OF AUTHORIZATIONS WHERE UNFUNDED AUTHORIZATIONS EXCEED 2 YEARS' RECEIPTS.—

"(1) DETERMINATION OF PERCENTAGE.—If the Secretary of Transportation determines that there is an excess referred to in subsection (b), the Secretary of Transportation shall determine the percentage which—

"(A) such excess, is of

"(B) the total of the amounts authorized to be appropriated and the amounts available for obligation from the Airport and Airway Trust Fund for the next fiscal year.

"(2) ADJUSTMENT OF AUTHORIZATIONS.—If the Secretary of Transportation determines a percentage under paragraph (1), each amount authorized to be appropriated or available for obligation from the Airport and Airway Trust Fund for the next fiscal year shall be reduced by such percentage.

"(d) AVAILABILITY OF AMOUNTS PREVIOUSLY WITHHELD.—If, after an adjustment has been made under subsection (c)(2), the Secretary of Transportation determines that the amount described in subsection (a)(1) does not exceed the amount described in subsection (a)(2) or that the excess referred to in subsection (b) is less than the amount previously determined, each amount authorized to be appropriated or available for obligation that was reduced under subsection (c)(2) shall be increased, by an equal percentage, to the extent the Secretary of Transportation determines that it may be so increased without causing the amount described in subsection (a)(1) to exceed the amount described in subsection (a)(2) (but not by more than the amount of the reduction). The Secretary of Transportation shall apportion amounts made available for apportionment by reason of the preceding sentence. Any funds apportioned pursuant to the preceding sentence shall remain available for the period for which they would be available if such apportionment took effect with the fiscal year in which they are apportioned pursuant to the preceding sentence.

"(e) DEFINITIONS.—For purposes of this section—

"(1) UNFUNDED AVIATION AUTHORIZATIONS.—The term 'unfunded aviation authorizations' means, at any time, the excess (if any) of—

"(A) the total amount authorized to be appropriated or available for obligation from the Airport and Airway Trust Fund which has not been appropriated or obligated, over

"(B) the amount available in the Airport and Airway Trust Fund at such time to make such appropriations or to liquidate such obligations (after all other unliquidated obligations at such time which are payable from the Airport and Airway Trust Fund have been liquidated).

"(2) NET AVIATION RECEIPTS.—The term 'net aviation receipts' means, with respect to any period, the excess of—

"(A) the receipts (including interest) of the Airport and Airway Trust Fund during such period, over

"(B) the amounts to be transferred during such period from such Fund under section 9502(d) of the Internal Revenue Code of 1954 (other than paragraph (1) thereof).

"(f) REPORTS.—Any estimate under subsection (a) and any determination under subsection (b), (c), or (d) shall be reported by the Secretary of Transportation to the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, the Committee on Public Works and Transportation of the House of Representatives, and the Committee on Commerce, Science, and Transportation of the Senate.".

Subtitle C—Pipeline Safety

SEC. 8301. NATURAL GAS PIPELINE SAFETY AUTHORIZATIONS.

Section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(a)) is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(4) $3,450,000 for the fiscal year ending September 30, 1986; and

"(5) $3,600,000 for the fiscal year ending September 30, 1987.".

SEC. 8302. AUTHORIZATIONS FOR FEDERAL GRANTS-IN-AID.

(a) COMBINED PROGRAM.—Section 17 of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684) is amended by adding at the end thereof the following new subsections:

"(c) For the purpose of carrying out the Federal grants-in-aid provisions of section 5(d) of this Act and section 205(d) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)) there are authorized to be appropriated—

"(1) $5,000,000 for the fiscal year ending September 30, 1986; and

"(2) $5,230,000 for the fiscal year ending September 30, 1987.

"(d) Not less than 5 percent of any amounts appropriated for carrying out the Federal grants-in-aid provisions for any fiscal year beginning after September 30, 1985, shall be available only for carrying out the Federal grants-in-aid provisions of section 205(d) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)).".

(b) CONFORMING AMENDMENTS.—

(1) Section 5(d)(2) of such Act (49 U.S.C. App. 1674(d)(2)) is amended—

(A) by striking out "authorized to be appropriated by section 17(b) of this Act" and inserting in lieu thereof "appropriated for carrying out the Federal grants-in-aid provisions of this subsection"; and

(B) by striking out "(1) of this section" and inserting in lieu thereof "(1) of this subsection".

(2) Section 205(d)(2) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2004(d)(2)) is amended by striking out "authorized to be appropriated by section 214 of this title" and inserting in lieu thereof "appropriated for carrying out the Federal grants-in-aid provisions of this subsection".

(3) Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(a)) is amended by inserting after "subsection (b)" the following: "or section 17(c) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(c))".

(4) Section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(a)) is amended by inserting after "subsection (b)" the following: "or (c)".

SEC. 8303. HAZARDOUS LIQUID PIPELINE SAFETY AUTHORIZATIONS.

Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(a)) is amended—

(1) by striking out "and" at the end of paragraph (2);

(2) by striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon; and

(3) by adding at the end thereof the following new paragraphs:

"(4) $875,000 for the fiscal year ending September 30, 1986; and

"(5) $912,000 for the fiscal year ending September 30, 1987.".

SEC. 8304. TAX DISCRIMINATION AGAINST NATURAL GAS TRANSMISSION PROPERTY.

(a) IN GENERAL.—The Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1671-1686) is amended by adding at the end thereof the following new section:

"TAX DISCRIMINATION AGAINST NATURAL GAS TRANSMISSION PROPERTY

"SEC. 20. (a) As used in this section—

"(1) 'assessment' means valuation for a property tax levied by a taxing district;

"(2) 'assessment jurisdiction' means a geographical area in a State used in determining the assessed value of property for ad valorem taxation;

"(3) 'natural gas transmission property' means property owned or used for the transportation of natural gas by a natural gas company providing transportation of natural gas by pipeline in interstate commerce;

"(4) 'commercial and industrial property' means all real and personal property, other than transportation property, and land used primarily for agricultural purposes or timber growing, devoted to a commercial or industrial use and subject to a property tax levy; and

"(5) 'natural gas company' has the meaning natural gas company has under the Natural Gas Act; except that such term shall not include any person not subject to the jurisdiction of the Federal Energy Regulatory Commission under the Natural Gas Act solely by reason of section 1(c) of such Act (15 U.S.C. 717 and following).

"(b) The Congress finds and declares that the following acts unreasonably burden and discriminate against interstate commerce, and a State, subdivision of a State, or authority acting for a State or subdivision of a State may not do any of them:

"(1) assess natural gas transmission property at a value that has a higher ratio to the true market value of the natural gas transmission property than the ratio that the assessed value of other commercial and industrial property in the same assessment jurisdiction has to the true market value of the other commercial and industrial property;

"(2) levy or collect a tax on an assessment that may not be made under paragraph (1) of this subsection; and

"(3) levy or collect an ad valorem property tax on natural gas transmission property at a tax rate that exceeds the tax rate applicable to commercial and industrial property in the same assessment jurisdiction.

"(c) Notwithstanding section 1341 of title 28, United States Code, and without regard to the amount in controversy or citizenship of the parties, a district court of the United States has jurisdiction, concurrent with other jurisdiction of courts of the United States and the States, to enjoin, suspend, restrain, or set aside, any tax of any State or local unit of government which is in violation of subsection (b) of this section. Relief may be granted under this subsection only if the ratio of assessed value to true market value of natural gas transmission property exceeds, by at least 5 percent, the ratio of assessed value to true market value of other commercial and industrial property in the assessment jurisdiction. The burden of proof in determining such assessed value and true market value shall be governed by State law. If the ratio of the assessed value of other commercial and industrial property in the assessment jurisdiction to the true market value of all other commercial and industrial property cannot be determined to the satisfaction of the district court through the random-sampling method known as a sales assessment ratio study, the court shall find that—

"(1) an assessment of the natural gas transmission property at a value that has a higher ratio to the true market value of the natural gas transmission property than the assessed value of all other property subject to a property tax levy in the assessment jurisdiction has to the true market value of all such other property; and

"(2) the collection of an ad valorem property tax on the natural gas transmission property at a tax rate that exceeds the tax rate applicable to taxable property in the taxing district;

are violations of this section. Any sales assessment ratio study conducted pursuant to this subsection shall be carried out under statistical principles applicable to such study.

"(d) It is the sense of the Congress that any savings accruing to any person (including any natural gas company) by reason of the enactment and implementation of this section should be passed on to the ultimate consumers of natural gas.

"(e) The Federal Energy Regulatory Commission shall submit to Congress—

"(1) an interim report two and one half years after the effective date of this section, and

"(2) a final report five years after such effective date,

on the amount of savings, through reduced rates, accruing to consumers as a result of the enactment and implementation of this section.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) of this section shall take effect two years after the date of the enactment of this Act.

SEC. 8305. PROHIBITION ON THE ASSESSMENT AND COLLECTION OF CERTAIN FEES AND CHARGES.

(a) SECRETARY OF TRANSPORTATION.—Notwithstanding any other provision of this Act (including any amendment made by this Act), the Secretary of Transportation may not assess or collect any fees based on the usage of any natural gas pipeline or hazardous liquid pipeline, except those fees assessed or collected pursuant to a law approved before the date of the enactment of this Act.

(b) FEDERAL ENERGY REGULATORY COMMISSION.—Notwithstanding any other provision of this Act (including any amendment made by this Act), the Federal Energy Regulatory Commission may not assess or collect any charges from any interstate natural gas pipeline or any interstate oil pipeline carrier, except those charges assessed or collected pursuant to a law approved before the date of the enactment of this Act.

Subtitle D—Tennessee Valley Authority

SEC. 8401. SALE BY SECRETARY OF ENERGY OF CERTAIN UNNECESSARY ELECTRIC ENERGY.

(a) AUTHORITY TO SELL.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary of Energy shall attempt to sell to electric utilities any electric energy that the Secretary has the right to buy under any Federal law or contract in effect on the date of the enactment of this Act for use in the provision of uranium enrichment service activities under section 161 v. of the Atomic Energy Act of 1954 (42 U.S.C. 2201(v)) and that the Secretary determines to be unnecessary to the conduct of such activities.

(2) EXCEPTION.—The Secretary of Energy may not sell any electric energy referred to in paragraph (1) that the Secretary has the right to buy from any federally chartered or Federal regional power marketing authority.

(b) CONSENT TO SALE.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act, no Executive agency (other than a federally chartered or Federal regional power marketing authority) may withhold its consent to

the sale of electric energy under subsection (a).

(c) TRANSMISSION.—Notwithstanding any other Federal law or contract in effect on the date of the enactment of this Act—

(1) any Executive agency (other than a federally chartered or Federal regional power marketing authority) selling electric energy to the Department of Energy shall make such electric energy available to the location requested by the Secretary of Energy; and

(2) the Secretary of Energy, acting through the organizational entities described in subparagraphs (A) and (B) of section 302(a)(1) of the Department of Energy Organization Act (42 U.S.C. 7152(a)(1)), shall assist in the transmission of any electric energy sold under subsection (a).

(d) REVENUES FROM SALE.—In partial repayment of amounts appropriated from the general fund of the Treasury of the United States for uranium enrichment service activities, the Secretary of Energy shall deposit in the general fund of the Treasury any revenues derived from the sale of electric energy under subsection (a) that are in excess of the energy charge incurred by the Secretary.

(e) DEFINITIONS.—For purposes of this section:

(1) The term "energy charge" means any fee or payment associated with the purchase of electric energy that is supplied by an electric energy seller to an electric energy purchaser and does not include any fee or payment made exclusively for the availability of electric energy or the right to purchase specified amounts of electric energy.

(2) The term "Executive agency" has the meaning given such term in section 105 of title 5, United States Code.

(f) EXPIRATION.—Subsections (a) through (e) of this section shall cease to be effective on December 31, 1992.

(g) TENNESSEE VALLEY AUTHORITY.—Notwithstanding any other provision of this Act (including any amendment made by this Act)—

(1) the Tennessee Valley Authority shall comply with section 15d of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831n-4);

(2) the Tennessee Valley Authority shall, under any contract for the sale of electric power and energy with the Department of Energy in effect on September 25, 1985, make available and deliver electric power and energy to the Department of Energy only in such amounts as the Tennessee Valley Authority may lawfully make available and deliver, and under such terms and conditions as are provided, under such contract, the Tennessee Valley Authority Act of 1933, and other laws, as such contract, Act, and laws are in effect on September 25, 1985; and

(3) the Department of Energy shall comply with all payment and contract terms under any Department of Energy contract with the Tennessee Valley Authority providing for the sale of electric power and energy.

TITLE IX—COMMITTEE ON SMALL BUSINESS

SEC. 9101. Section 20 of the Small Business Act is amended by adding the following:

"(u) The following program levels are authorized for fiscal year 1986—

"(1) for the programs authorized by section 7(a) of this Act, the Administration is authorized to make $80,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $20,000,000 in loans to disabled veterans and Vietnam era veterans as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72;

"(2) for the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,862,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), $450,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503;

"(3) for the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures;

"(4) for the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $900,000,000; and

"(5) for the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $50,000,000.

"(v) There are authorized to be appropriated to the Administration for fiscal year 1986, $593,340,000. Of such sum, $376,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (u), paragraphs (1) through (3); $12,000,000 shall be available for the purposes of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $205,340,000 shall be available for salaries and expenses of the Administration. There also are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(w) The following program levels are authorized for fiscal year 1987—

"(1) for the programs authorized by section 7(a) of this Act, the Administration is authorized to make $80,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $20,000,000 in loans to disabled veterans and Vietnam era veterans as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72;

"(2) for the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,862,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), $450,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503;

"(3) for the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures;

"(4) for the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $900,000,000; and

"(5) for the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $50,000,000.

"(x) There are authorized to be appropriated to the Administration for fiscal year 1987, $627,340,000. Of such sum, $410,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (w), paragraphs (1) through (3); $12,000,000 shall be available for the purposes of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $205,340,000 shall be available for salaries and expenses of the Administration. There also are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.

"(y) The following program levels are authorized for fiscal year 1988—

"(1) for the programs authorized by section 7(a) of this Act, the Administration is authorized to make $80,000,000 in direct and immediate participation loans; and of such sum, the Administration is authorized to make $15,000,000 in loans as provided in paragraph (10), $45,000,000 in loans as provided in paragraph (11), and $20,000,000 in loans to disabled veterans and Vietnam era veterans as defined in section 1841, title 38, United States Code, under the general terms and conditions of title III of Public Law 97-72;

"(2) for the programs authorized by section 7(a) of this Act and section 503 of the Small Business Investment Act of 1958, the Administration is authorized to make $2,862,000,000 in deferred participation loans and guarantees of debentures; and of such sum, the Administration is authorized to make $5,000,000 in loans as provided in paragraph (10), $60,000,000 in loans as provided in paragraph (11), $15,000,000 in loans as provided in paragraph (12), $450,000,000 in loans as provided in paragraph (13) and guarantees of debentures as provided in section 503;

"(3) for the programs authorized by title III of the Small Business Investment Act of 1958, the Administration is authorized to make $41,000,000 in direct purchases of debentures and preferred securities and to make $250,000,000 in guarantees of debentures;

"(4) for the programs authorized by part B of title IV of the Small Business Investment Act of 1958, the Administration is au-

thorized to enter into guarantees not to exceed $900,000,000; and

"(5) for the programs authorized in sections 404 and 405 of the Small Business Investment Act of 1958, the Administration is authorized to enter into guarantees not to exceed $50,000,000.

"(z) There are authorized to be appropriated to the Administration for fiscal year 1988, $634,340,000. Of such sum, $417,000,000 shall be available for the purpose of carrying out the programs referred to in subsection (y), paragraphs (1) through (3); $12,000,000 shall be available for the purposes of carrying out the provisions of section 412 of the Small Business Investment Act of 1958; and $205,340,000 shall be available for salaries and expenses of the Administration. There also are hereby authorized to be appropriated such sums as may be necessary and appropriate for the carrying out of the provisions and purposes, including administrative expenses, of sections 7(b)(1) and 7(b)(2) of this Act; and there are authorized to be transferred from the disaster loan revolving funds such sums as may be necessary and appropriate for such administrative expenses.".

SEC. 9102. Section 20(t) of the Small Business Act is amended as follows:

(a) by striking "each of fiscal years 1985 and 1986," and by inserting in lieu thereof "1985"; and

(b) by striking "for each of such years".

SEC. 9103. (a) Section 15 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(n) For purposes of this section, the determination of labor surplus areas shall be made on the basis of the criteria in effect at the time of the determination except that any minimum population criteria shall not exceed twenty-five thousand. Such determination, as modified by the preceding sentence, shall be made by the Secretary of Labor.".

(b) The amendment made by subsection (a) shall take effect on the ninetieth day after the date of the enactment of this Act.

SEC. 9104. (a) Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section:

"GUARANTEED OBLIGATIONS NOT ELIGIBLE FOR PURCHASE BY FEDERAL FINANCING BANK

"SEC. 320. Nothing in any provision of law shall be construed to authorize the Federal Financing Bank to acquire after September 30, 1985—

"(1) any obligation the payment of principal or interest on which has at any time been guaranteed in whole or in part under this title,

"(2) any obligation which is an interest in any obligation described in paragraph (1), or

"(3) any obligation which is secured by, or substantially all of the value of which is attributable to, any obligation described in paragraph (1) or (2).".

(b) The table of sections for such title III is amended by adding at the end thereof the following new item:

"Sec. 320. Guaranteed obligations not eligible for purchase by Federal Financing Bank.".

SEC. 9105. (a) Title III of the Small Business Investment Act of 1958 is amended by adding at the end thereof the following new section:

"ISSUANCE AND GUARANTEE OF TRUST CERTIFICATES

"SEC. 321. The Administration or its agent is authorized to issue trust certificates representing ownership of all or a fractional part of the guaranteed debentures issued by small business investment companies and guaranteed by the Administration under this Act under the same authority, terms and conditions as are applicable to trust certificates issued for loans pursuant to the authority of subsection 5(g) of the Small Business Act.".

(b) The table of sections for such title III is amended by adding at the end thereof the following new item:

"Sec. 321. Issuance and guarantee of trust certificates.".

SEC. 9106. (a) Section 7(b) of the Small Business Act is amended as follows:

(1) by striking "The" after "(b)" and inserting in lieu thereof "Except as to agricultural enterprises as defined in section 18(b)(1) of this Act, the,";

(2) by adding "and" to the end of paragraph (1);

(3) by striking out the semicolon at the end of paragraph (2) and inserting in lieu thereof a period; and

(4) by striking paragraphs (3) and (4).

(b) Section 7(c)(4) of such Act is amended by striking out the last, undesignated paragraph.

(c) Section 18(a) of such Act is amended by striking all of the first sentence that follows "Federal Government," and precedes "and nothing".

SEC. 9107. Section 7(a) of the Small Business Act is amended by adding at the end thereof the following:

"(16) The Administration shall collect a guarantee fee equal to three percent of the amount of the deferred participation share of any loan under this subsection other than a loan repayable in one year or less or a loan under paragraph (13). The fee shall be payable by the participating lending institution and may be charged to the borrower.".

SEC. 9108. The Small Business Investment Act of 1958 is amended by adding the following new section to title V:

"SEC. 504. (a) Notwithstanding any other law, rule or regulation, the Administration is authorized and directed to conduct a pilot program involving the sale to investors, either publicly or by private placement, of debentures guaranteed pursuant to section 503 of the Small Business Investment Act of 1958 as follows—

"(1) of the program levels otherwise authorized by law for fiscal year 1986, an amount not to exceed $235,000,000; and

"(2) of the program levels otherwise authorized by law for fiscal year 1987, an amount not to exceed $280,000,000.

"(b) The sales may be for all or a fractional part of such amounts and the Administration or its agent further is authorized to issue trust certificates for such debentures under the same authority, terms and conditions as are applicable to trust certificates issued for loans pursuant to the authority of section 5(g) of the Small Business Act.

"(c) Nothing in any provision of law shall be construed to authorize the Federal Financing Bank to acquire—

"(1) any obligation the payment of principal or interest on which at any time has been guaranteed in whole or in part under section 503 of the Small Business Investment Act of 1958 and which is being sold pursuant to the provisions of the pilot program authorized in this section,

"(2) any obligation which is an interest in any obligation described in paragraph (1), or

"(3) any obligation which is secured by, or substantially all of the value of which is attributable to, any obligation described in paragraph (1) or (2).

"(d) The Administration shall report to the President and the Congress on the conduct of such pilot program not later than 90 days after the date on which the last sale is made pursuant to paragraph (a) in each fiscal year and unless a report has been made by October 1 of each of 1986 and 1987, the Administration shall make an interim report by such dates.".

SEC. 9109. Section 16 of the Small Business Act is amended by adding to the end thereof the following new subsection:

"(d) Whoever makes any statement knowing it to be false, or whoever knowingly makes or uses any false document, writing or entry, for the purpose of misrepresenting the status of any concern or person as a 'small business concern' or 'small business concern owned and controlled by socially and economically disadvantaged individuals', in order to obtain for oneself or another any—

"(1) prime contract to be awarded pursuant to section 9 or 15;

"(2) subcontract to be awarded pursuant to section 8(a);

"(3) subcontract that is to be included as part or all of a goal contained in a subcontracting plan required pursuant to section 8(d); or

"(4) prime or subcontract to be awarded as a result or in furtherance of any other provision of Federal law that specifically references section 8(d) for a definition of program eligibility,

shall be punished by a fine of not more than $50,000 or by imprisonment for not more than five years, or both.".

SEC. 9110. Not later than December 15, 1985, the Administrator of the Small Business Administration shall submit to the Committees on Small Business of the Senate and House of Representatives an internal report on the options available to providing a guarantee on loans under section 7(a) of the Small Business Act from sources outside the Federal Government, together with such recommendations as the Administrator may have with respect to such options. One option which shall be evaluated in such report is the creation of a corporation owned by the Federal Government to make such guarantees.

SEC. 9111. Subsection (a) of section 7 of the Small Business Act is amended by adding at the end thereof the following new paragraph:

"(17)(A) No financial assistance shall be available under this subsection which benefits any applicant—

"(i) which performs abortion,

"(ii) which engages in research which relates, in whole or in part, to methods of, or the performance of, abortion,

"(iii) which promotes or recommends abortion, or

"(iv) which trains any individual to perform abortion.

"(B) Subparagraph (A) shall not apply to any activity described in clause (i) or (iii) of subparagraph (A) if all of the abortions performed, promoted, and recommended in such activity are in cases where the life of the mother would be endangered if the fetus were carried to term.".

SEC. 9112. (a) Section 5 of the Small Business Act is amended by adding at the end thereof the following new subsection:

"(i)(1) Notwithstanding any other provision of law, the Administrator shall prescribe regulations which impose fees for

services provided by the Administration. Such fees shall be in such amounts (subject to the limitation in paragraph (2)) as the Administrator determines to be appropriate, and apply only to the following services—

"(A) publications provided by the Administration,

"(B) processing applications for guaranteed or other loans, and

"(C) determining whether any business is a small business concern (or any type of such concern) for purposes of enabling such business to be eligible for any assistance or preferential treatment under this or any other Act.

"(2) With respect to any fee imposed under this subsection—

"(A) In the case of fees imposed for publications, such fees shall not exceed the lesser of $5 per publication, or the actual publication costs of said publication.

"(B) In the case of fees imposed for processing applications for loans, such fee shall not exceed $100.

"(C) In the case of fees imposed for designation as a small business concern (or any type of such concern), such fee shall not exceed $100 but shall be refunded to the applicant if such designation is not made.

"(3) Amounts collected pursuant to this subsection shall be deposited in the general fund of the Treasury as proprietary receipts of the Small Business Administration to be retained and used by such Administration to cover the costs of such services and publications to the extent and in the amounts as provided in advance in appropriations Acts. There shall be an annual verification by the Administrator of amounts collected and expended for services and publications as provided herein.".

(b) Within one year of the date of enactment of this Act, the Administrator of the Small Business Administration shall submit to the Committees on Small Business and Appropriations of the Senate and House of Representatives a report with his findings and recommendations as to:

(1) the imposition of fees for counseling services provided by the Administration; and

(2) the imposition of each participating lender in the guaranteed loan program under section 7(a) of the Small Business Act of an annual fee of between one-quarter of one percent and one percent of the value of the unpaid balance of any loan made under such program, particularly on the revenues that could be expected and whether such revenues could be used for a loss reserve fund or to defray the cost of administration of the program.

(c) Not later than 60 days after the enactment of this Act, the Administrator of the Small Business Administration shall submit to the Committees on Small Business and Appropriations of the Senate and House of Representatives a report detailing the fees which the Administrator is considering to impose under the amendment made by subsection (a) and his proposed timetable for imposing such fees.

TITLE X—COMMITTEE ON VETERANS' AFFAIRS

SEC. 10001. SHORT TITLE; REFERENCES TO TITLE 38, UNITED STATES CODE.

(a) SHORT TITLE.—This title may be cited as the "Veterans' Compensation and Health Care Amendments of 1985".

(b) REFERENCES.—Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of title 38, United States Code.

Subtitle A—Compensation Rate Increases

SEC. 10011. SHORT TITLE.

This subtitle may be cited as the "Veterans' Compensation Rate Amendments of 1985".

SEC. 10012. DISABILITY COMPENSATION.

(a) IN GENERAL.—Section 314 is amended—

(1) by striking out "$66" in subsection (a) and inserting in lieu thereof "$68";

(2) by striking out "$122" in subsection (b) and inserting in lieu thereof "$127";

(3) by striking out "$185" in subsection (c) and inserting in lieu thereof "$192";

(4) by striking out "$266" in subsection (d) and inserting in lieu thereof "$276";

(5) by striking out "$376" in subsection (e) and inserting in lieu thereof "$390";

(6) by striking out "$474" in subsection (f) and inserting in lieu thereof "$492";

(7) by striking out "$598" in subsection (g) and inserting in lieu thereof "$620";

(8) by striking out "$692" in subsection (h) and inserting in lieu thereof "$718";

(9) by striking out "$779" in subsection (i) and inserting in lieu thereof "$808";

(10) by striking out "$1,295" in subsection (j) and inserting in lieu thereof "$1,343";

(11) by striking out "$1,609" and "$2,255" in subsection (k) and inserting in lieu thereof "$1,669" and "$2,338", respectively;

(12) by striking out "$1,609" in subsection (l) and inserting in lieu thereof "$1,669";

(13) by striking out "$1,774" in subsection (m) and inserting in lieu thereof "$1,840";

(14) by striking out "$2,017" in subsection (n) and inserting in lieu thereof "$2,092";

(15) by striking out "$2,255" each place it appears in subsections (o) and (p) and inserting in lieu thereof "$2,338";

(16) by striking out "$968" and "$1,442" in subsection (r) and inserting in lieu thereof "$1004" and "$1,495", respectively;

(17) by striking out "$1,449" in subsection (s) and inserting in lieu thereof "$1,503"; and

(18) by striking out "$280" in subsection (t) and inserting in lieu thereof "$290".

(b) SPECIAL RULE.—The Administrator of Veterans' Affairs may adjust administratively, consistent with the increases authorized by this section, the rates of disability compensation payable to persons within the purview of section 10 of Public Law 85-857 who are not in receipt of compensation payable pursuant to chapter 11 of title 38, United States Code.

SEC. 10013. ADDITIONAL COMPENSATION FOR DEPENDENTS.

Section 315(1) is amended—

(1) by striking out "$79" in clause (A) and inserting in lieu thereof "$82";

(2) by striking out "$132" and "$42" in clause (B) and inserting in lieu thereof "$137" and "$44", respectively;

(3) by striking out "$54" and "$42" in clause (C) and inserting in lieu thereof "$56" and "$44", respectively;

(4) by striking out "$64" in clause (D) and inserting in lieu thereof "$66";

(5) by striking out "$143" in clause (E) and inserting in lieu thereof "$148"; and

(6) by striking out "$120" in clause (F) and inserting in lieu thereof "$124".

SEC. 10014. CLOTHING ALLOWANCE FOR CERTAIN DISABLED VETERANS.

Section 362 is amended by striking out "$349" and inserting in lieu thereof "$362".

SEC. 10015. DEPENDENCY AND INDEMNITY COMPENSATION FOR SURVIVING SPOUSES.

Section 411 is amended—

(1) by striking out the table in subsection (a) and inserting in lieu thereof the following:

"Pay grade	Monthly rate	Pay grade	Monthly rate
E-1	$494	W-4	$707
E-2	508	O-1	624
E-3	521	O-2	644
E-4	555	O-3	690
E-5	569	O-4	729
E-6	582	O-5	804
E-7	611	O-6	905
E-8	644	O-7	979
E-9	[1]673	O-8	1,073
W-1	624	O-9	1,152
W-2	649	O-10	[2]1,262
W-3	668		

"[1] If the veteran served as sergeant major of the Army, senior enlisted advisor of the Navy, chief master sergeant of the Air Force, sergeant major of the Marine Corps, or master chief petty officer of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $726.

"[2] If the veteran served as Chairman of the Joint Chiefs of Staff, Chief of Staff of the Army, Chief of Naval Operations, Chief of Staff of the Air Force, Commandant of the Marine Corps, or Commandant of the Coast Guard, at the applicable time designated by section 402 of this title, the surviving spouse's rate shall be $1,353.";

(2) by striking out "$55" in subsection (b) and inserting in lieu thereof "$57";

(3) by striking out "$143" in subsection (c) and inserting in lieu thereof "$148"; and

(4) by striking out "$70" in subsection (d) and inserting in lieu thereof "$73".

SEC. 10016. DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.

Section 413 is amended—

(1) by striking out "$240" in clause (1) and inserting in lieu thereof "$249";

(2) by striking out "$345" in clause (2) and inserting in lieu thereof "$358";

(3) by striking out "$446" in clause (3) and inserting in lieu thereof "$463"; and

(4) by striking out "$446" and "$90" in clause (4) and inserting in lieu thereof "$463" and "$93", respectively.

SEC. 10017. SUPPLEMENTAL DEPENDENCY AND INDEMNITY COMPENSATION FOR CHILDREN.

Section 414 is amended—

(1) by striking out "$143" in subsection (a) and inserting in lieu thereof "$148";

(2) by striking out "$240" in subsection (b) and inserting in lieu thereof "$249"; and

(3) by striking out "$122" in subsection (c) and inserting in lieu thereof "$127".

SEC. 10018. EFFECTIVE DATE FOR RATE INCREASES.

The amendments made by this part shall take effect on December 1, 1985.

Subtitle B—Health-Care Eligibility Reform

SEC. 10021. SHORT TITLE.

This subtitle may be cited as the "Veterans' Health-Care Eligibility Reform Act of 1985".

SEC. 10022. ELIGIBILITY FOR HEALTH CARE OF VETERANS WITH NON-SERVICE-CONNECTED DISABILITIES.

(a) HOSPITAL CARE AND NURSING HOME CARE.—(1) Subsection (a) of section 610 of title 38, United States Code, is amended to read as follows:

"(a) The Administrator shall furnish hospital care which the Administrator determines is needed and may (within the limits of Veterans' Administration facilities) fur-

nish nursing home care which the Administrator determines is needed—

"(1) to any veteran for a service-connected disability;

"(2) to a veteran whose discharge or release from the active military, naval, or air service was for a disability incurred or aggravated in line of duty, for any disability;

"(3) to a veteran who is in receipt of, or but for the receipt of retirement pay would be entitled to, disability compensation, for any disability;

"(4) to a veteran who, but for a suspension pursuant to section 351 of this title (or both such a suspension and the receipt of retired pay), would be entitled to disability compensation, but only to the extent that such veteran's continuing eligibility for such care is provided for in the judgment or settlement described in such section, for any disability;

"(5) to a veteran as provided in subsection (e) of this section;

"(6) to a veteran who is a former prisoner of war, for any disability;

"(7) to a veteran of the Spanish-American war, Indian wars, Mexican border period, or World War I, for any disability;

"(8) to a veteran for a non-service-connected disability, if the veteran is unable to defray the expenses of necessary care; and

"(9) to a veteran for a non-service-connected disability if, in the case of hospital care (as well as nursing home care), the Administrator determines that the care may be provided within the limits of Veterans' Administration facilities.".

(2) Subsection (e)(1) of such section is amended by striking out "may be furnished hospital care or nursing home care" in subparagraphs (A) and (B) and inserting in lieu thereof "shall be furnished hospital care and may (within the limits of Veterans' Administration facilities) be furnished nursing home care".

(3) Such section is further amended by adding at the end the following new subsections:

"(f)(1) Except as provided in paragraph (2) of this subsection, the Administrator may not furnish hospital care or nursing home care under this section to a veteran who is eligible for such care solely because of subsection (a)(9) of this section unless the veteran agrees to pay to the United States the lesser of—

"(A) the cost of furnishing such care, as determined by the Administrator; and

"(B) the amount of the inpatient Medicare deductible in effect on the date of the veteran's admission for such care.

"(2) A veteran may not be required to make a payment under paragraph (1) of this subsection for care furnished during any 12-month period to the extent that such payment would cause the total amount paid by the veteran under such paragraph for hospital and nursing home care furnished during that period and under section 612(f)(3) of this title for medical services furnished during that period to exceed the amount of the inpatient Medicare deductible in effect for services provided during the first month of such 12-month period.

"(3) An amount collected or received by the Veterans' Administration under this subsection shall be deposited in the Treasury as a proprietary receipt.

"(4) For the purposes of this subsection, the term 'inpatient Medicare deductible' means the amount of the inpatient hospital deductible in effect under section 1813(b) of the Social Security Act (42 U.S.C. 1395e(b)).

"(g) Nothing in this section—

"(1) requires the Administrator to furnish hospital care in a facility other than a Veterans' Administration facility;

"(2) requires the Administrator to furnish care to a veteran to whom another agency of Federal, State, or local government has a duty to provide care in an institution of such government; or

"(3) restricts the Administrator's discretion to determine—

"(A) the appropriateness of furnishing medical services, therapies, or programs under this chapter; or

"(B) in what manner they will be furnished.".

(b) MEDICAL SERVICES FURNISHED ON AN OUTPATIENT OR AMBULATORY BASIS.—(1) Subsections (a) and (g) of section 612 are amended by striking ", within the limits of Veterans' Administration facilities, may" and inserting in lieu thereof "shall".

(2) Subsection (f) of such section is amended—

(A) by striking out "The Administrator, within the limits of Veterans' Administration facilities, may" and inserting in lieu thereof "(1) Except as provided in paragraph (3) of this subsection, the Administrator shall";

(B) by redesignating clause (1) as clause (A) and redesignating subclauses (A) and (B) of such clause as subclauses (i) and (ii), respectively;

(C) by redesignating clauses (2) and (3) as clauses (B) and (C), respectively;

(D) by designating the second sentence as paragraph (2);

(E) by striking out the third sentence; and

(F) by adding at the end the following:

"(3)(A) The Administrator may not furnish medical services under paragraph (1) of this subsection or home health services under paragraph (2) of this subsection to a veteran who is eligible for such care solely because of section 610(a)(9) of this title unless the veteran agrees to pay to the United States, in the case of each visit in which such medical or home health services are furnished, the amount equal to 20 percent of the estimated average cost of an outpatient visit in a Veterans' Administration facility during the fiscal year in which the services are furnished. Such estimated average cost shall be determined by the Administrator.

"(B) Subparagraph (A) of this paragraph does not apply to services furnished under paragraph (1)(A)(ii) of this subsection.

"(C) A veteran may not be required to make a payment under this paragraph for services furnished under this subsection during any 12-month period to the extent that such payment would cause the total amount paid by the veteran under this paragraph for medical services furnished during that period and under section 610(f) of this title for hospital and nursing home care furnished during that period to exceed the amount of the inpatient Medicare deductible in effect for services provided during the first month of such 12-month period.

"(D) For the purposes of this paragraph, the term 'inpatient Medicare deductible' means the amount of the inpatient hospital deductible in effect under section 1813(b) of the Social Security Act (42 U.S.C. 1395e(b)).

"(E) An amount collected or received by the Veterans' Administration under this paragraph shall be deposited in the Treasury as a proprietary receipt.".

(3) Subsection (i) of such section is repealed.

(4) Subsection (j) of such section is amended—

(A) by striking out "pursuant to" and inserting in lieu thereof "under";

(B) by striking out "(voluntarily requesting" and inserting in lieu thereof "who voluntarily request";

(C) by striking out the parenthesis after "immunizations";

(D) by striking out "facility, utilizing" and inserting in lieu thereof "facility. Any such immunization shall be made using";

(E) by striking out "Administration," and all that follows through "to provide" and inserting in lieu thereof "Administration. For such purpose, the Secretary may provide"; and

(F) by striking out "cost and the provisions of section" and inserting in lieu thereof "cost. Section".

(c) DETERMINATION OF ABILITY TO PAY.—Section 622 of such title is amended—

(1) by inserting "(a)" before "For the purposes";

(2) by striking out "610(a)(1)(B)" and inserting in lieu thereof "610(a)(8)"; and

(3) by adding at the end the following new subsection:

"(b)(1) An individual who does not qualify as having sufficient evidence of inability to defray necessary expenses by reason of subsection (a) of this section shall nevertheless be presumed to be unable to defray necessary expenses for the purpose of the sections referred to in that subsection if the individual's attributable income during the 12-month period preceding the date of the individual's application for care under one of those sections is not greater than the health-care income threshold.

"(2) Notwithstanding paragraph (1) of this subsection, the Administrator may refuse to determine that an individual is unable to defray necessary medical expenses for the purpose of the sections referred to in subsection (a) of this section if the corpus of the estate of the individual (and of the individual's spouse and dependent children, if any) is such that under all the circumstances (including consideration of the annual income of the individual and of such spouse and dependent children) it is reasonable that some part of the corpus of such estates be consumed for the individual's maintenance.

"(3) For purposes of this subsection, an individual's attributable income shall be determined in the same manner as the manner in which a determination is made of the total amount of income by which the rate of pension for such individual under section 521 of this title would be reduced if such individual were eligible for pension under that section.

"(4) For purposes of paragraph (1) of this subsection, the health-care income threshold for an individual—

"(A) in the case of an application for care made during the 12-month period beginning on December 1, 1985, is the amount equal to the product of—

"(i) 3.34, and

"(ii) the applicable current maximum annual rate of pension (as determined under paragraph (5) of this subsection); and

"(B) in the case of an application for care made during a 12-month period beginning on December 1 of a calendar year after 1985, is the amount in effect for purposes of this paragraph during the previous 12-month period increased by the percentage by which benefits have been increased under section 3112(a) of this title during that period.

"(5) For purposes of paragraph (4)(A)(ii) of this subsection, the current maximum annual rate of pension for a veteran is—

"(A) the amount in effect under section 521(b) in the case of a veteran who is unmarried (or married but not living with or reasonably contributing to the support of such veteran's spouse) and there is no child of the veteran in the custody of the veteran or to whose support the veteran is reasonably contributing; and

"(B) the amount in effect under section 521(c), in the case of a veteran who is married and living with or reasonably contributing to the support of such veteran's spouse or if there is a child of the veteran in the veteran's custody or to whose support the veteran is reasonably contributing.".

(d) CONFORMING AMENDMENTS.—(1) Section 525(a) is amended by striking out "and special priority with respect to such care and services under section 612(i)(5) of this title".

(2) Section 601 is amended—

(A) in paragraph (4)(C)(ii) by striking out "in clause (1)(b) or (2) of the first sentence, or in the third sentence," and inserting in lieu thereof "in paragraph (1)(A)(ii), (1)(B), or (1)(C)";

(B) in paragraph (6)(A)(i) by striking out "section 612(f)(1)(A)" and inserting in lieu thereof "section 612(f)(1)(A)(i)"; and

(C) in paragraph (6)(B)(ii) by striking out "section 612(f)(1)(B)" and inserting in lieu thereof "section 612(f)(1)(A)(ii)".

(3) Section 612A is amended—

(A) by striking out "clause (1)(b)" in subsection (b)(1) and inserting in lieu thereof "paragraph (1)(A)(ii)"; and

(B) by striking out "612(f)(2)" in subsection (e)(1) and inserting in lieu thereof "612(f)(1)(B)".

(4) Section 618(e) is repealed.

(5) Section 620(f)(1)(A)(ii) is amended by striking out "612(f)(2)" and inserting in lieu thereof "612(f)(1)(B)".

(6) Section 663(a)(1) is amended by striking out "612(f)(2)" both places it appears and inserting in lieu thereof "612(f)(1)(B)".

(e) EFFECTIVE DATE.—(1) Except as provided in paragraph (2), the amendments made by this section shall apply to hospital care, nursing home care, and medical services furnished after the end of the 60-day period beginning on the date of the enactment of this Act.

(2) The provisions of sections 610 and 622 of title 38, United States Code, as in effect on the day before the date of the enactment of this Act, shall apply with respect to hospital and nursing home care and medical services furnished after the end of such 60-day period to veterans who were furnished such care or services on the day before the end of such period, but only to the extent that such care or service is furnished with respect to the same spell of illness for which it was furnished on such day as determined by the Administrator.

(f) SUNSET PROVISION.—The amendments made by this section shall expire on October 1, 1988.

SEC. 10023. RECOVERY OF THE COST OF CERTAIN CARE AND SERVICES.

(a) IN GENERAL.—Section 629 of title 38, United States Code, is amended to read as follows:

"§ 629. Recovery by the United States of the cost of certain care and services

"(a)(1) In any case in which a veteran is furnished care or services under this chapter for a disability described in paragraph (2) of this subsection, the United States has the right to recover or collect the reasonable costs of such care or services (as determined by the Administrator under subsection (d)(2)) from a third party to the extent that the veteran (or the provider of the care or services) would be eligible to receive reimbursement or indemnification for such care or services from such third party if the care or services had not been furnished by a department or agency of the United States.

"(2) Paragraph (1) of this subsection applies to a non-service-connected disability—

"(A) that is incurred incident to the veterans' employment and that is covered under a workers' compensation law or plan that provides reimbursement for or indemnification of the cost of health care and services provided to the veteran by reason of the disability;

"(B) that is incurred as the result of a motor vehicle accident to which applies a State law that requires the owners or operators of motor vehicles registered in that State to have in force automobile accident reparations insurance;

"(C) that is incurred as the result of a crime of personal violence that occurred in a State, or a political subdivision of a State, in which a person injured as the result of such a crime is entitled to receive health care and services at such State's or subdivision's expense for personal injuries suffered as the result of such crime; or

"(D) that is incurred by a veteran who—

"(i) does not have a service-connected disability; and

"(ii) is entitled to care (or reimbursement for the expenses of care) under an insurance policy, contract, medical, or hospital service agreement, membership, or subscription contract, or similar arrangement for the purpose of providing, paying for, or reimbursing expenses for health services.

"(b)(1) With respect to the right provided in subsection (a) of this section, the United States shall be subrogated to any right or claim that the veteran (or the veteran's personal representative, successor, dependents, or survivors) may have against a third party.

"(2)(A) In order to enforce any right or claim to which it is subrogated under paragraph (1) of this subsection, the United States may intervene or join in any action or proceeding brought by the veteran (or the veteran's personal representative, successor, dependents, or survivors) against a third party.

"(B) The United States may institute and prosecute legal proceedings against the third party if—

"(i) an action or proceeding described in subparagraph (A) of this paragraph is not begun within 180 days after the first day on which care and services for which recovery is sought are furnished to the veteran by the Veterans' Administration under this chapter;

"(ii) the United States sends written notice by certified mail to the veteran at the veteran's last-known address (or to the veteran's personal representative or successor) of the intention of the United States to institute such legal proceedings; and

"(iii) a period of 60 days has passed following the mailing of such notice.

"(c) The Administrator may compromise, settle, or waive a claim of the United States under this section.

"(d)(1) The Administrator may enter into contracts or agreements with individuals or organizations for services to recover or collect amounts due the United States under this section. Notwithstanding section 3302(b) of title 31, such a contract or agreement may provide that a fee an individual or organization charges to recover or collect amounts due the United States is payable from the amount recovered or collected. Any such contract or agreement shall provide that—

"(A) the Administrator retains the authority to—

"(i) resolve a dispute;

"(ii) compromise a claim;

"(iii) end collection action; and

"(iv) refer a matter to the Attorney General to bring a civil action; and

"(B) with respect to any such recovery or collection, the individual or organization is subject to—

"(i) section 552a(m) of title 5 and sections 3301 and 4132 of this title; and

"(ii) laws and regulations of the United States and of the States related to collection practices.

"(2) The amount that may be recovered by the United States under subsection (a) of this section may not exceed the lesser of—

"(A) an amount equal to the reasonable cost of the care and services furnished the veteran under this chapter, as determined by the Administrator; or

"(B) the maximum amount specified (as applicable)—

"(i) by the law of the State or political subdivision concerned; or

"(ii) by any relevant contractual provision to which the veteran was a party or was subject.

"(3) For the purpose of determining the reasonable cost of care and services under subsection (a)(1) of this section and paragraph (2)(A) of this subsection, the Administrator—

"(A) shall prescribe regulations; and

"(B) may enter into agreements with insurance, medical service, and health-plan carriers and contractors.

"(4) Regulations prescribed under paragraph (3) of this subsection shall be prescribed only after notice and opportunity for public comment.

"(5) A determination for the purposes of this subsection of the reasonable cost of care and services furnished a veteran under this chapter shall be made in accordance with regulations prescribed and agreements entered into under paragraph (3) of this subsection.

"(e) A veteran eligible for care or services under this chapter may not be denied such care or services by reason of this section.

"(f) No law of any State or of any political subdivision of a State, and no provision of any contract or other agreement entered into, renewed, or modified (including any modifications of premiums or coverage) after the date of the enactment of the Veterans' Health-Care Eligibility Reform Act of 1985, shall operate to prevent recovery or collection by the United States under this section or with respect to care or services furnished under section 611(b) of this title.

"(g) Any moneys collected or received by the Veterans' Administration under this section shall be deposited in the Treasury as a proprietary receipt.

"(h) The Administrator shall make available clinical records of the Veterans' Administration for a veteran who is a beneficiary of any kind of policy, contract, agreement, or other arrangement which is referred to in subsection (a)(2)(D) of this section and with respect to which recovery or collection is sought under this section for inspection and review by the parties to such policy, contract, agreement, or other arrangement for the sole purpose of permitting such parties

verify that services for which recovery or collection is sought were furnished.

"(i)(1) For purposes of this section, the term 'third party' means—

"(A) a State or political subdivision of a State;

"(B) an employer or an employer's insurance carrier;

"(C) an automobile accident reparations insurance carrier;

"(D) an insurance, medical service, or health plan carrier; or

"(E) a contractor.

"(2) Such term does not include—

"(A) the insurance programs under parts A and B of title XVIII of the Social Security Act; or

"(B) a State plan for medical assistance approved under title XIX of such Act.".

(b) EFFECTIVE DATE.—(1) The amendments made by this section shall apply to care and services provided on or after the date of the enactment of this Act, but shall not affect any policy, contract, agreement, or other arrangement referred to in section 629(a)(2)(D) of title 38, United States Code, as amended by subsection (a), that was entered into before such date and is not modified or renewed on or after such date.

(2) For purposes of paragraph (1), the term "modified" includes any change in premiums or coverage.

SEC. 10024. ACCEPTANCE OF VA BENEFICIARIES BY PROVIDERS WHO ACCEPT MEDICARE BENEFICIARIES.

(a) IN GENERAL.—Chapter 17 is amended by inserting after section 624 the following new section:

"§ 625. Requirement that providers accept Medicare and Veterans' Administration beneficiaries on similar basis and accept Veterans' Administration payments as payments in full

"(a) A non-Federal provider of hospital services to any Medicare beneficiary—

"(1) must accept Veterans' Administration beneficiaries on a similar basis; and

"(2) must accept payments made by the Administrator in accordance with Veterans' Administration regulations as payments in full.

"(b) Upon a finding by the Administrator, made in accordance with procedures developed in consultation with the Secretary of Health and Human Services, that a Medicare provider has failed to comply with subsection (a) of this section, the Administrator shall report such finding to the Secretary for possible corrective action or for possible termination of the provider's agreement with the Secretary entered into under the Social Security Act (42 U.S.C. 1395cc(a)). Thereafter, in addition to the bases for termination set forth in such Act, the Secretary may terminate such agreement with the provider if the Secretary determines that the provider has failed to comply with this section.

"(c) For purposes of this section, the term 'Veterans' Administration beneficiaries' means all veterans and other persons for whose hospital care outside Federal facilities the Administrator is authorized to pay.".

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 624 the following new item:

"625. Requirement that providers accept Medicare and Veterans' Administration beneficiaries on similar basis and accept Veterans' Administration payments as payments in full.".

SEC. 10025. REPORT.

(a) REPORT ON PROVISION OF HEALTH CARE.—The Administrator of Veterans' Affairs shall submit to the Committees on Veterans' Affairs of the Senate and House of Representatives a report describing in detail—

(1) the number of veterans receiving health care from the Veterans' Administration during the report period;

(2) the number of veterans applying for health care from the Veterans' Administration during the report period who did not receive such care; and

(3) the reasons why veterans who applied for such care did not receive such care.

(b) DEADLINE FOR REPORT.—The report shall be submitted not later than 30 days after the end of the report period.

(c) REPORT PERIOD.—For the purposes of this section, the term "report period" means the 12-month period beginning on the effective date of the amendments made by section 202.

Subtitle C—Miscellaneous

SEC. 10031. ADVISORY COMMITTEE ON AMERICAN INDIAN VETERANS.

(a) ESTABLISHMENT OF COMMITTEE.—The Administrator of Veterans' Affairs shall establish, by January 15, 1986, an advisory committee to be known as the Advisory Committee on American Indian Veterans (hereinafter in this section referred to as the "Committee").

(b) DUTIES.—The Committee shall examine and evaluate programs and other activities of the Veterans' Administration with respect to the needs of American Indian veterans. Such examination and evaluation shall include—

(1) an assessment of the needs of such veterans with respect to health care, rehabilitation, outreach, and other programs administered by the Veterans' Administration; and

(2) a review of the manner in which and the extent to which the programs and other activities of the Veterans' Administration meet such needs.

(c) MEMBERS.— The Committee shall consist of—

(1) the Secretary of Labor (or a representative of the Secretary of Labor designated by the Secretary after consultation with the Assistant Secretary of Labor for Veterans' Employment);

(2) the Chief Medical Director and Chief Benefits Director of the Veterans' Administration; and

(3) members appointed by the Administrator from the general public, including—

(A) representatives of American Indian veterans, including such veterans with service-connected disabilities; and

(B) individuals who are recognized authorities in fields pertinent to the needs of such veterans, including specific health care needs of such veterans and the delivery of health care services by the Veterans' Administration to such veterans.

(d) PARTICIPATION BY OTHER AGENCIES.—The Administrator may invite representatives of other departments and agencies of the Federal Government to participate in the meetings and other activities of the Committee.

(e) EXPENSES.—The members of the Committee appointed by the Administrator shall be paid for reasonable and necessary expenses, as determined by the Administrator, incurred in carrying out the duties of the Committee.

(f) REPORTS.—(1) Not later than November 1, 1986, and not later than November 1, 1987, the Committee shall transmit to the Administrator a report on the matters described in paragraphs (1) and (2) of subsection (b) that were examined and evaluated by the Committee during fiscal year 1986 in the case of the first report and during fiscal year 1987 in the case of the second report.

(2) Within 60 days after receiving each such report, the Administrator shall transmit to the Congress a copy of the report, together with any comments concerning the report that the Administrator considers appropriate.

(g) TERMINATION.—The Committee shall terminate on the date on which the second report is transmitted by the Committee pursuant to subsection (f)(1).

SEC. 10032. AGENT ORANGE STUDY FOR FEMALE VETERANS.

(a) REQUIREMENT FOR EPIDEMIOLOGICAL STUDY.—(1) The Administrator of Veterans' Affairs shall provide for the conduct of an epidemiological study of any long-term adverse gender-specific health effects in females of service in the Armed Forces of the United States in the Republic of Vietnam during the period of the Vietnam conflict as such health effects may result from exposure to—

(A) phenoxy herbicides (including the herbicide known as Agent Orange); and

(B) the class of chemicals known as the dioxins produced during the manufacture of such herbicides.

(2) In providing for such study, the Administrator may expand the scope of the study to include an evaluation of any long-term adverse gender-specific health effects in females of such service as such health effects may result from other factors involved in such service (including exposure to other herbicides, chemicals, medications, or environmental hazards or conditions).

(3) The Administrator may also include in the study an evaluation of the means of detecting and treating adverse gender-specific health effects found through the study.

(4) The Administrator shall provide for the study to be conducted through contracts or agreements with public or private agencies or persons.

(b) FUNCTIONS OF OFFICE OF TECHNOLOGY ASSESSMENT.—(1) The study required by subsection (a) shall be conducted in accordance with a protocol approved by the Director of the Office of Technology Assessment.

(2) The Director shall monitor the conduct of such study in order to assure compliance with such protocol.

(3)(A) Concurrent with the approval or disapproval of any protocol under paragraph (1), the Director shall submit to the appropriate committees of Congress a report—

(i) explaining the basis for the Director's action in approving or disapproving the protocol; and

(ii) providing the Director's conclusions regarding the scientific validity and objectivity of the protocol.

(B) If the Director has not approved such a protocol during the 180 days following the date of the enactment of this Act, the Director—

(i) shall submit to the appropriate committees of Congress a report describing the reasons why the Director has not given such approval; and

(ii) shall submit to such committees an update report on such initial report each 60 days thereafter until such a protocol is approved.

(4) The Director shall submit to the appropriate committees of Congress, at each of the times specified in the second sentence of this paragraph, a report on the Director's monitoring of the conduct of such study pursuant to paragraph (2). A report under the preceding sentence shall be submitted—

(A) before the end of the six-month period beginning on the date of the approval of the protocol by the Director;

(B) before the end of the 12-month period beginning on such date; and

(C) annually thereafter until the study is completed or terminated.

(c) DURATION OF STUDY.—The study conducted pursuant to subsection (a) shall be continued for as long after the submission of the first report under subsection (d)(1) as the Administrator may determine reasonable in light of the possibility of developing through such study significant new information on the long-term gender-specific adverse health effects in females of exposure to dioxins.

(d) REPORTS TO CONGRESS.—(1) Not later than 24 months after the date of the approval of the protocol pursuant to subsection (b)(1) and annually thereafter, the Administrator shall submit to the appropriate committees of Congress a report containing—

(A) a description of the results thus far obtained under the study conducted pursuant to such subsection; and

(B) such comments and recommendations for administrative or legislative action, or both, as the Administrator considers appropriate in light of such results.

(2) Not later than 90 days after the submission of each report under paragraph (1), the Administrator shall publish in the Federal Register, for public review and comment, a description of any action that the Administrator proposes to take with respect to programs administered by the Veterans' Administration. Each such description shall include a justification or rationale for any such action the Administrator proposes to take. Any such proposal shall be based on the results described in the report under paragraph (1) and the comments and recommendations on that report and any other available pertinent information.

(3) The requirement in paragraph (1) for the submission of annual reports expires upon the submission of a report after the completion of the study under subsection (a).

(e) BUDGET ACT PROVISIONS.—(1) This section does not authorize the enactment of new budget authority for a fiscal year before fiscal year 1987.

(2) A contract to carry out the study under subsection (a) may be entered into only to the extent that—

(A) appropriated funds are available to carry out the contract; or

(B) the contract provides that the obligation of the United States to make payments under the contract is contingent upon the availability of appropriated funds for such payments.

(f) DEFINITION.—For the purposes of this section, the term "gender-specific health effects in females" includes effects on female reproductive capacity, reproductive organs, and reproductive outcomes, effects on female-specific organs and tissues, and other effects unique to the physiology of females.

The CHAIRMAN. No amendments to the bill are in order except the following amendments which shall not be subject to amendment:

First, a motion, if offered by Representative FAZIO to strike subtitle B of title VIII, which shall be debatable for 30 minutes to be equally divided and controlled by Representative FAZIO and a Member opposed thereto;

Second, an amendment printed in the CONGRESSIONAL RECORD of October 17, 1985, by, and if offered by, Representative LATTA, as modified by the unanimous-consent order of the House of today, which shall be debatable for 1 hour, to be equally divided and controlled by Representative LATTA and a Member opposed thereto; and

Third, an amendment printed in the CONGRESSIONAL RECORD of October 17, 1985, by, and if offered by, Representative FLORIO, which shall be debatable for 30 minutes, to be equally divided and controlled by Representative FLORIO and a Member opposed thereto.

PARLIAMENTARY INQUIRY

Mr. YATES. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. YATES. Mr. Chairman, is it in order at this point to make a point of order to the pending bill?

The CHAIRMAN. It is in order.

POINT OF ORDER

Mr. YATES. Mr. Chairman, I make a point of order against section 4110 of the bill, beginning on page 379, line 20 through page 380, line 17. This section contains the following language: "$500,000,000, which is hereby appropriated to the Secretary of Energy for carrying out Part B of title I of the Energy Security Act, as amended by this subtitle;".

Mr. Chairman, this language is clearly an appropriation, and since this bill was reported by a committee not having jurisdiction to report appropriations, the section is in violation of clause 5(a) of rule XXI of the House of Representatives.

The rule states that "No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, * * *". The language in question was a recommendation of the Committee on Energy and Commerce, which was included in this omnibus reconciliation bill by the Committee on the Budget, without change, pursuant to reconciliation procedures. Since neither committee has jurisdiction to report appropriations, in my opinion, the language violates rule XXI, clause 5(a).

I make this point of order.

The CHAIRMAN. The Chair will entertain the gentleman's point of order.

Does anyone desire to be heard on the point of order?

If not, the Chair will sustain the gentleman's point of order.

Mr. YATES. I thank the Chair.

The CHAIRMAN. The section is stricken.

AMENDMENT OFFERED BY MR. LATTA

Mr. LATTA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LATTA: Strike out title II (page 5, line 7, through page 231, line 22) and insert in lieu thereof the following:

TITLE II—COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

SEC. 2001. SHORT TITLE.

This title may be cited as the "Housing and Community Development Reconciliation Act of 1985".

SEC. 2002. COMMUNITY DEVELOPMENT BLOCK GRANT LOAN GUARANTEE PROGRAM MORATORIUM

Section 108(a) of the Housing and Community Development Act of 1974 is amended by striking out the last sentence and inserting in lieu thereof the following: "The Secretary may not enter into any commitment to guarantee a note or obligation under this section during fiscal year 1986.".

SEC. 2003. CANCELLATION OF OUTSTANDING PUBLIC HOUSING DEVELOPMENT LOANS AND OBLIGATIONS.

Section 4 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new subsection:

"(c)(1) At such times as the Secretary may determine, and in accordance with such accounting and other procedures as the Secretary may prescribe, each loan made by the Secretary under subsection (a) that has any principal amount outstanding or any interest amount outstanding or accrued shall be forgiven; and the terms and conditions of any contract, or any amendment to a contract, for such loan with respect to any promise to repay such principal and interest shall be canceled. Such cancellation shall not affect any other terms and conditions of such contract, which shall remain in effect as if the cancellation had not occurred. This paragraph shall not apply to any loan the repayment of which was not to be made using annual contributions, or to any loan all or part of the proceeds of which are due a public housing agency from contractors or others.

"(2)(A) On the date of the enactment of the Housing and Community Development Reconciliation Act of 1985, each note or other obligation issued by the Secretary to the Secretary of the Treasury pursuant to subsection (b), together with any promise to repay the principal and unpaid interest that has accrued on each obligation, shall be forgiven; and any other term or condition specified by each such obligation shall be cancelled.

"(B) On September 30, 1986, and on any subsequent September 30, each such note or other obligation issued by the Secretary pursuant to subsection (b) during the fiscal year ending on such date, together with any such promise to repay, shall be forgiven; and any other term or condition specified by each such obligation shall be canceled.".

SEC. 2004. PUBLIC HOUSING OPERATING SUBSIDIES.

Section 9(c) of the United States Housing Act of 1937 is amended to read as follows:

"(c) There is authorized to be appropriated to carry out the provisions of this section $1,279,000,000 for fiscal year 1986.".

SEC. 2005. RURAL HOUSING PROGRAM AUTHORIZATIONS.

(a) INSURANCE AND GUARANTEE AUTHORITY.—Section 513(a)(1) of the Housing Act of 1949 is amended to read follows:

"(a)(1) The Secretary may, to the extent approved in appropriation Acts, insure and guarantee loans under this title during fiscal year 1986 in an aggregate amount not to exceed $2,266,000,000 as follows:

"(A) for insured or guaranteed loans under section 502 on behalf of borrowers receiving assistance under section 521(a)(1), $1,328,000,000;

"(B) for loans under section 504, $17,000,000;

"(C) for insured loans under section 514, $20,000,000;

"(D) for insured loans under section 515, $900,000,000; and

"(E) for site loans under section 524, $1,000,000.".

(b) RENTAL ASSISTANCE PAYMENT CONTRACTS.—Section 513(c) of the Housing Act of 1949 is amended to read as follows:

"(c) The Secretary, to the extent approved in appropriation Acts for fiscal year 1986, may enter into rental assistance payment contracts under section 521(a)(2)(A) aggregating $198,000,000. Such authority as is approved in appropriation Acts shall be used by the Secretary to renew rental assistance payment contracts that expire during such fiscal year and to make additional rental assistance payment contracts for existing or newly constructed dewelling units.".

SEC. 2006. MANAGEMENT OF INSURED AND GUARANTEED RURAL HOUSING LOANS.

(a) SALE OF INSURED AND GUARANTEED LOANS TO PUBLIC.—Section 517(c) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "Any loan made and sold by the Secretary under this section after the date of the enactment of the Housing and Community Development Reconciliation Act of 1985 (and any loan made by other lenders under this title that is insured or guaranteed in accordance with this section, is purchased by the Secretary, and is sold by the Secretary under this section after such date) shall be sold to the public and may not be sold to the Federal Financing Bank, unless such sale to the Federal Financing Bank is required to service transactions under this title between the Secretary and the Federal Financing Bank occurring on or before such date.".

(b) INTEREST SUBSIDY ON INSURED AND GUARANTEED LOANS OFFERED FOR SALE TO PUBLIC.—Section 517(d) of the Housing Act of 1949 is amended—

(1) by inserting "(1)" after the subsection designation; and

(2) by adding at the end thereof the following new paragraph:

"(2) Each loan made by the Secretary or other lenders under this title that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by an agreement by the Secretary to pay to the holder of such loan (through an agreement to purchase such loan or through such other means as the Secretary determines to be appropriate) the difference between the rate of interest paid by the borrower of such loan and the market rate of interest (as determined by the Secretary) on obligations having comparable periods to maturity on the date of such sale.".

(c) PROTECTION OF BORROWERS UNDER LOANS SOLD TO PUBLIC.—Section 517(d) of the Housing Act of 1949, as amended by subsection (b) of this section, is amended by adding at the end thereof the folowing new paragraph:

"(3) Each loan made by the Secretary or other lenders under this title that is insured or guaranteed in accordance with this subsection shall, when offered for sale to the public, be accompanied by agreements for the benefit of the borrower under the loan that provide that—

"(A) the purchaser or any assignee of the loan shall not diminish any substantive or procedural right of the borrower arising under this title;

"(B) upon any default of the borrower, the loan shall be assigned to the Secretary for the purpose of avoiding foreclosure; and

"(C) following any assignment under subparagraph (B) and before commencing any action to foreclose or otherwise dispossess the borrower, the Secretary shall afford the borrower all substantive and procedural rights arising under this title, including consideration for interest subsidy, moratorium, reamortization, refinancing, and appeal of any adverse decision to an impartial officer.".

Page 437, line 8, through page 451, line 10, strike out subtitle E.

Page 460, line 17, through page 462, line 4, strike out section 6606.

Page 465, strike line 3, and all that follows thereafter through page 468, line 25, and insert in lieu thereof the following:

SEC. 7101. PAY ADJUSTMENTS.

(a) FISCAL YEAR 1986.—(1) The rates of pay under the General Schedule and the rates of pay under the other statutory pay systems referred to in section 5301(c) of title 5, United States Code, shall not be adjusted under section 5305 of such title during fiscal year 1986.

(2) Notwithstanding any other provision of law, the wage schedules and rates of pay for prevailing rate employees described in section 5342(a)(2) of title 5, United States Code (including employees covered under section 9(b) of Public Law 92-392 (86 Stat. 574; 5 U.S.C. 5342 note) and section 704(b) of Public Law 95-454 (92 Stat. 1218; 5 U.S.C. 5343 note)), and for officers and members of crews of vessels shall not be increased under the provisions of subchapter IV of chapter 53 of title 5, United States Code, or any other applicable provision of law as a result of a wage survey or negotiation during fiscal year 1986, except to the extent permitted by section 616(a)(2) of the conference report on H.R. 5798, agreed to by the House of Representatives on September 12, 1984, as contained in House Report 98-993 (referred to in Public Law 98-473, 98 Stat. 1963).

(b) REDUCTIONS FOR FISCAL YEARS 1987 AND 1988.—(1) For fiscal years 1987 and 1988, the President shall provide for the adjustment of rates of pay under section 5305 of title 5, United States Code, as appropriate to reduce outlays, relating to pay of officers and employees of the Federal Government, by at least $746,000,000 in fiscal year 1987 and $1,264,000,000 in fiscal year 1988 (without regard to reductions in outlays which result by reason of subsections (a), (c), and (d) of this section and the application of section 1009 of title 37, United States Code), computed using the baseline used for the First Concurrent Resolution on the Budget for Fiscal Year 1986 (S. Con. Res. 32, 99th Congress, 1st Session), agreed to on August 1, 1985.

(2) Paragraph (1) shall not be construed to suspend the requirements of section 5305 of title 5, United States Code, with respect to fiscal years 1987 and 1988.

(c) 90-DAY DELAY IN PAY INCREASES FOR PREVAILING RATE EMPLOYEES.—Notwithstanding any other provision of law, any adjustment in a wage schedule or rate of pay that—

(1) applies to—

(A) a prevailing rate employee described in section 5342(a)(2) of title 5, United States Code, including employees covered under section 9(b) of Public Law 92-392 (86 Stat. 574; 5 U.S.C. 5342 note) and section 704(b) of Public Law 95-454 (92 Stat. 1218; 5 U.S.C. 5343 note), or

(B) to an employee covered by section 5348 of such title,

(2) results from a wage survey or negotiation, and

(3) would take effect, but for this subsection, on or after October 1, 1986,

shall not take effect until the first day of the first applicable pay period beginning not less than 90 days after the day on which such adjustment would, but for this subsection, otherwise have taken effect. The Office of Personnel Management shall take such actions as may be necessary to carry out this subsection.

(d) NEW EFFECTIVE DATE FOR PAY ADJUSTMENTS UNDER STATUTORY PAY SYSTEMS.—(1) Section 5305 of title 5, United States Code, is amended—

(A) in subsection (a)(2), by striking out "October 1 of the applicable year" and inserting in lieu thereof "January 1 of the next year after the date the report is submitted to the President";

(B) in subsection (c)(2), by striking out "October 1 of the applicable year" and inseting in lieu thereof "January 1 of the next year after the year in which the alternative plan is transmitted to the Congress"; and

(C) in subsection (m), by striking out "October 1" and inserting in lieu thereof "the applicable January 1".

Page 469, strike lines 3 and 4 and insert in lieu thereof the following:

(a) REQUIRED REFUNDS FROM CARRIERS' SPECIAL RESERVES.—The Office of Personnel

Page 469, line 6, strike "(A)" and insert in lieu thereof "(1)".

Page 469, line 11, strike "(B)" and insert in lieu thereof "(2)".

Page 469, line 16, strike out "subsection" and insert in lieu thereof "section".

Page 469, strike line 19 and insert in lieu thereof the following:

(b) MINIMUM AMOUNTS.—In carrying out its responsibilities under this sec-

Page 469, line 22, strike "subsection" and insert in lieu thereof "section".

Page 469, line 23, strike "(A)" and insert in lieu thereof "(1)".

Page 469, line 25, strike "(B)" and insert in lieu thereof "(2)".

Page 470, strike line 1 and insert in lieu thereof the following:

(c) RESTRICTION.—No amount in any of the contingency re-

Page 470, line 2, strike "paragraph (1)" and insert in lieu thereof "subsection (a)".

Page 470, strike lines 6 through 13.

On page 482, line 11, strike out "1986" and insert "1988."

Mr. LATTA (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The CHAIRMAN. Pursuant to House Resolution 296, the gentleman from Ohio [Mr. LATTA] will be recog-

nized for 30 minutes, and a Member opposed will be recognized for 30 minutes.

Is the gentleman from South Carolina [Mr. DERRICK] opposed?

Mr. DERRICK. I am opposed, Mr. Chairman.

The CHAIRMAN. The gentleman from South Carolina [Mr. DERRICK] will be recognized for 30 minutes.

The Chair now recognizes the gentleman from Ohio [Mr. LATTA].

Mr. LATTA. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. WYLIE].

□ 1130

Mr. WYLIE. Mr. Chairman, I support the Latta amendment because according to OMB, Mr. LATTA would save some $4.5 billion, but I will limit my remarks to the impact of the amendment on title II of H.R. 3500, which is the Banking Committee title.

From the standpoint of fiscal responsibility and the size of the Government, the amendment is right on target. It would strike all newly authorized programs and all increases in existing programs over last year's baseline. In title II this would amount to $574 million in savings.

In committee this year I opposed authorizing new programs in the Housing Authorization Act. I believe it is the wrong time to bring on live new programs unless a strong case can be made for them and that should be done with full debate. I feel even stronger about authorizing new spending in what is supposed to be a deficit reducing bill. We are either going to freeze programs or we are not.

Even if these savings were not present in the Latta amendment, I would support the gentleman from Ohio's amendment because it strips nongermane legislative language from the reconciliation bill. We don't have just a little nongermane language in title II—we have over 200 pages of it. Mr. Chairman, what we have in title II is H.R. 1, the $20.565 billion housing authorization bill.

Furthermore, this is a title that hasn't been approved by any committee. It was approved by a party caucus of 30 Members. And now having disenfranchised 19 members of the Banking Committee, they are attempting to disenfranchise the rest of the House by sheltering the provisions in a reconciliation bill.

I suspect few Members know exactly what is contained in the 146 additional sections that the Banking Committee added to title II. It would take a while to explain, more time than I could every command during this debate. During committee consideration, it took the professional staff 3 days just to explain the staff's proposal to the Members.

Suffice it to say, Mr. Chairman, that there are many controversial items contained in title II. The UDAG selection criteria is changed. The Home Mortgage Disclosure Act is made permanent and expanded. There are mandated changes in FHA processing that the Department of Housing and Urban Development believes will make it difficult for them to deliver their product without hiring many new employees. I could go on and on, and I haven't even mentioned the implications of the new programs. Not how much they cost, just how and where they may operate.

Mr. Chairman, I would like to see a housing bill this year. I am afraid that unless the Latta amendment is adopted we will not have one. Title II and the other nongermane provisions in H.R. 3500 are going to face heavy opposition in conference. The chairman of the Senate Banking Committee has termed such substantive legislative provisions as being simply not acceptable.

Mr. Chairman, H.R. 3500 has merit. It is burdened by title II. This title hasn't been approved by any committee. The Members don't know what is in it, look at the size of it—outlined in red. Let's get rid of title II and get on with the business of reconciliation. Approve the Latta amendment.

Mr. BARTLETT. Will the gentleman yield?

Mr. WYLIE. I yield to the gentleman from Texas.

Mr. BARTLETT. I commend the gentleman for his statement and for his diligence since January 3, since the Housing Subcommittee and the Banking Committee have been working on H.R. 1.

What I hear the gentleman saying is, the only way to pass a housing bill, a housing bill with any semblance of reform, is to bring it to the House floor in its regular order, and the gentleman supports that; he said he did. We support that on our side.

I think what the gentleman is saying is, bring a housing bill onto this floor, let the legislative process work. As I understand, the chairman of the committee in the other body has just this week indicated to you and to the chairman of our committee [Mr. ST GERMAIN] that he would then in regular order consider a housing bill in that body also, and go to conference.

Mr. WYLIE. He has said in a letter to the chairman of the full committee and to myself, that is Senator GARN, in the other body, has said he will not consider H.R. 1 or title II in conference in H.R. 3500 if there is any way to avoid it.

On the other hand, under regular procedure, where the provisions of this bill could be debated, he would take it up timely in the other body.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LATTA. Mr. Chairman, I yield 2½ additional minutes to the gentleman from Ohio [Mr. WYLIE].

Mr. WYLIE. So I think the gentleman is making a very valid point, but there are numerous programs in here in which the funding has been changed and a few provisions which were not in the original bill, even as it was reported from the House Banking Committee.

I just think that the Members, all 435 of them—not just 30 members from the Democratic caucus—deserve an opportunity.

Mr. BARTLETT. Will the gentleman yield?

Mr. WYLIE. I would be glad to yield to the gentleman.

Mr. BARTLETT. I thank the gentleman for yielding.

Mr. Chairman, the gentleman is saying that the other body has indicated that in the reconciliation they will not consider it because they should not, but as freestanding legislation, they will; and that is what the gentleman is saying.

If the gentleman would further yield, I think the House needs to know there is a budget issue; and that is while, as I understand H.R. 1 and H.R. 3500, it is within the budget for the first year but it is above budget outlays for fiscal year 1987 and fiscal year 1988.

It seems to me that when it comes to the House floor under regular order, with amendments being in order, then the House would want to reduce those budget outlays.

Mr. ST GERMAIN. Will the gentleman yield?

Mr. WYLIE. I would be glad to yield to the chairman of the full committee.

Mr. ST GERMAIN. Would my distinguished ranking minority member kindly tell me one program added to this legislation that was not in the legislation reported from the Banking Committee?

Mr. WYLIE. There were some modifications, Mr. Chairman, made to bring it in the cap for fiscal year 1986.

Mr. ST GERMAIN. Are you talking about the numbers, sir?

Mr. WYLIE. In the outyears, there are about $574 million——

Mr. ST GERMAIN. Excuse me. You said——

Mr. WYLIE. Well, I am talking about numbers, but I am also talking about some legislative language.

Mr. ST GERMAIN. If the gentleman would yield?

Which programs were added?

Mr. WYLIE. I will get into that a little later.

Mr. LATTA. If the gentleman will yield for one question.

Mr. WYLIE. Yes, of course.

Mr. LATTA. What is actually happening here, if we do not adopt the Latta amendment, is that the very voluminous bill that you have in your hands could become or could pass this House without the House ever know-

ing, No. 1, what is in it; No. 2, having an opportunity to amend it.

Is that true?

Mr. WYLIE. That is the real point to be made here, and I appreciate the gentleman from Ohio [Mr. LATTA] making the point.

This is title II to H.R. 3500. All 227 pages of it, and I would like to make the point again that I think the Members of the House would like to have full and fair debate on a title of this magnitude.

Also, in the outyears, in fiscal year 1987 and 1988, according to CBO, it does increase the budget deficit by $300 million. I will be glad to list those programs a little later on; I will list them for the record.

Mr. SCHUMER. Will the gentleman yield?

Mr. WYLIE. I will be glad to yield.

Mr. SCHUMER. I thank my good friend, the gentleman from Ohio, and would simply ask the gentleman, is he aware of a letter sent by the Congressional Budget Office which says that we are below budget on this?

Mr. WYLIE. I am aware of that, and we analyzed it last night, and we think that it is $300 million over the outyears, but that is another subject for debate before the full House.

Mr. SCHUMER. I appreciate the gentleman yielding.

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield 15 minutes to the distinguished chairman of the Committee on Banking, Finance and Urban Affairs, the gentleman from Rhode Island [Mr. ST GERMAIN], and ask unanimous consent that he be permitted to yield time.

The CHAIRMAN. Is the Chair to understand that the gentleman is opposed to the amendment?

Mr. ST GERMAIN. Yes, indeed, Mr. Chairman.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ST GERMAIN. Mr. Chairman, I yield myself such time as I may utilize, and then I will go to some of my other Members.

For instance, my distinguished colleague from Ohio, my ranking minority member [Mr. WYLIE] first said that reconciliation adds programs. I assure the membership, we did not go beyond the programs approved by the full Committee on Banking.

□ 1140

Now, we did indeed have 12 days of hearings and 8 days of markups, morning and afternoon; 146 legislative sections. Of course we are reauthorizing the housing bill, but very little of that is new; 170 amendments were considered, I think that is patent, clear evidence, and I want you to know that when HENRY GONZALEZ, chairman of the Subcommittee on Housing and Community Development, chaired those markup sessions, everyone was recognized for their amendments. No one was precluded on their amendments, and I defy anyone to say they were precluded from offering their amendments. And the same process prevailed in the full committee.

Ladies and gentlemen, I then read from the proponents of Gramm-Latta that they want us to come to the floor in a different fashion so that we can, among other things, look at tenant management. My gracious, one of the signatories of the letter here, we accepted his amendment on tenant management.

Then security for public housing residents, can I tell you what that amendment was that the full committee defeated? You put policemen in the housing projects, you give them guns, you give them patrol cars, and you give them free rent.

What do we want? A police state in public housing? Certainly not, ladies and gentlemen, certainly not.

Why are we here before you opposing the Latta amendment? Very clear and simple, ladies and gentlemen, because we want a housing bill.

The Senate committee was meeting on housing, and when the Senate committee chairman found that he did not have control of his committee, he pulled the bill. and he told Republicans and Democrats, "If you don't go my way, there is no bill."

This Member is different, this chairman is different; we passed a bill out of subcommittee, we passed it out of full committee, in regular order.

Now, let's keep it in reconciliation so that the unhoused people, the underprivileged people of this Nation, the communities of this Nation in the South, the Southwest, who today have not gotten UDAG will be able to participate in UDAG. Rural housing, Farmers Home Administration, are provided for in this particular piece of legislation. VA and FHA extensions are provided for in this legislation.

Ladies and gentlemen, we have brought before you a bill that has been given more consideration than most legislation ever to come before this House, believe you me.

Now, it is all right to say a voluminous bill, and I heard our distinguished colleague from Ohio [Mr. LATTA] say to my distinguished ranking minority member, "a voluminous bill." My goodness gracious, that is a midget, it is a midget compared to the very famous, which will go down in history, document, it is going to really compete with the Bible as times goes by. It was a bible on how to do a number on the American people, the blind and everybody else in this Nation, and the name of it was Gramm-Latta. Five hundred, six hundred pages with telephone numbers and orders for coffee, and pizza, and hot dogs, and peanuts, and hamburgers.

Ladies and gentlemen, I may be back to you before this debate ends, but I just want to say to you we need your assistance to help the people of this country. No new programs, just improve the programs; and the numbers are $500 million out of $20.6 billion.

We are within the reconciliation numbers; we are below the amounts appropriated by the House and the Senate.

Mr. GONZALEZ. Mr. Chairman, will the gentleman yield?

Mr. ST GERMAIN. I yield to the gentleman from Texas [Mr. GONZALEZ], the distinguished chairman of our subcommittee.

Mr. GONZALEZ. I thank the gentleman for yielding.

Mr. Chairman, I rise in wholehearted support of what the distinguished chairman of the full committee has just said. I could not add anything more to what he very eloquently stated.

Mr. ST GERMAIN. Mr. Chairman, I reserve the balance of my time.

Mr. LATTA. Mr. Chairman, I yield 4 minutes to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, this debate is terribly limited. One hour to debate a $20 billion reauthorization of a bill that has 146 legislative sections, which is in fact larger than the rest of the reconciliation itself.

But let me help the House get to the heart of some of the issues. Issue No. 1: How do we get a housing bill passed and signed into law at all? Mr. Chairman, we have not done a very good job of that using the old system of trying end runs every time. In fact, in the last 10 years there has only been one housing bill passed by Congress and signed into law. If the opponents of the Latta amendment proposal was merely—the only way to do it was to ride roughshod over the process, then, (a) we will never get a housing bill, and (b), if we ever do, it will be a pretty terrible housing bill.

The fact is, if it is in the reconciliation bill we will not have a Housing Act. If the Latta amendment passes and if the chairman of the committee and the chairman of the subcommittee will join with us and go before the Rules Committee and ask for an open and fair consideration of H.R. 1, then we can get a housing bill passed and signed into law.

Mr. SCHUMER. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from New York.

Mr. SCHUMER. I thank the gentleman for yielding.

I say to the gentleman we would be happy to do that if the Senate would send over a bill, something they have

not done in 4 years; not a letter from Senator GARN.

Mr. BARTLETT. Reclaiming my time, we do want to go to both sides, and the other body has agreed to go under regular order. But they have agreed not to go under a conference. So we send this to the reconciliation in a conference, and nothing, absolutely nothing, happens.

Now, issue No. 2: Are there issues to be resolved? Yes, there are issues to be resolved. Were some of those issues resolved with great pain and agony and with rollcall votes in the Housing Subcommittee? Yes. Some of those issues were not allowed to be considered. I remember on the last day I was precluded from offering two amendments at the very end when the subcommittee decided to adjourn. But that is all right. There is time to consider it on the House floor.

Many of the issues were resolved well.

I remember I worked with the gentleman from Massachusetts and the gentleman from New York and others in coming with a better housing bill today than we started with on January 1 of 1985. But it is not time to stop, it is time to finish the process. And the issues include home ownership, tenant management, deregulation, livability, security, FHA, and the other issues that this House needs to resolve.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Ohio.

Mr. WYLIE. I thank the gentleman for yielding.

The distinguished chairman of the full committee indicated that there were no new programs contained in H.R. 1 as contained in H.R. 3500. There is a new Public Housing Child Care Demonstration Program, there is a Fair Housing Initiative Program, there is a Second Stage Homeless Assistance Program, there is an Emergency Shelter Grant Program, a Nehemiah Grant Program. Those are new programs. Plus there are funding figures which have been changed 25 times from H.R. 1 as reported from our committee to H.R. 3500.

Mr. BARTLETT. I reclaim my time so that I may respond. I thank the gentleman for his comment, and the gentleman is correct.

Some of those changes were no doubt positive, some of them were no doubt negative, but they were made by caucus, a party caucus of the other body. I know, I sent, as ranking member of the full committee, to the committee chairman some suggestions for arriving at a bipartisan consensus, but that bipartisan consensus was not arrived at. We have issues left to be resolved.

Mr. FRANK. Mr. Chairman, will the gentleman yield?

Mr. BARTLETT. I yield to the gentleman from Massachusetts [Mr. FRANK].

Mr. FRANK. I thank the gentleman for yielding.

The gentleman said we all want to do this in regular order. Now, he has more faith in the recent apparent change of mind of the Senate chairman than I have got. But I would make this proposal to him: If this amendment is defeated and becomes part of reconciliation, and if the other body then decides to take up a bill, we would cheerfully agree to drop it out. We do not have any insurance. What we have had is a record of the other body not wanting to act. If the other body begins to act, if it is in reconciliation, we can say to our colleagues, "Forget about it, we can do it in the regular way." But it is the only insurance policy we have.

Mr. BARTLETT. If I may reclaim my time, the House ought to just simply act in the regular process. It is a legislative process which has proven over time that it can work if both sides will make the effort.

Mr. ST GERMAIN. Mr. Chairman, may I inquire how much time has been utilized out of the 15 minutes allotted to me?

The CHAIRMAN. The gentleman from Rhode Island [Mr. ST GERMAIN] has 9½ minutes remaining.

Mr. ST GERMAIN. Mr. Chairman, I yield half a minute to the distinguished gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. We all know what the issue is. The issue is, Do you want to gut the Housing and Community Development Programs of the United States of America? If you want to do that, then vote for the Latta amendment. We are within the budget confines and restrictions. We worked very, very hard on that. And we were also able to cut some programs and add new programs.

Let us talk about what these new programs are. A program for the homeless that we have never had in the history of our country before. We have millions of people in our country who are homeless.

A program that relates to rural areas which have been cheated.

Now, if you want to vote for Latta, then you vote to cut the programs that have been in authority since 1936.

Mr. LATTA. Mr. Chairman, I yield 30 seconds to the gentleman from Ohio [Mr. WYLIE] to answer the statement just made by the gentlewoman from Ohio.

Mr. WYLIE. Mr. Chairman, if the Latta amendment is adopted, it will not gut the housing program; they will continue in existence as they are. What we are saying is that there should not be any new add-ons.

Mr. Penner, head of the Congressional Budget Office, in response to the gentleman from New York [Mr. SCHUMER] says that H.R. 1, over a period of time, would exceed the budget resolution by $320 million.

Mr. ST GERMAIN. Mr. Chairman, I yield 1½ minutes to the gentleman from Maryland [Mr. MITCHELL], a member of the committee.

Mr. MITCHELL. I would ask that the House, please listen to, as ordinarily I do not make such a request, but I want you to hear me on this one: In the legislative process we are always subjected to external pressures. Call them interest groups, call them what you will, that is the normal process.

That is what is happening on this bill in a most unusual fashion.

I am amazed at the National Association of Realtors for their lobbying efforts against our position. I will stake my life on it, I do not care what kind of language they cloak it in, they are zeroing in on only one thing, and that is section 2370 of the bill, the fair housing initiative.

This is our attempt to make the fair housing law work in this country; and they do not want it to work.

Now, I do not care what kind of excuses they use, I do not care what other kinds of rationale they come up with, they have never supported fair housing in a meaningful fashion.

Now, when we as a body are attempting to make the law work, they come with this all-out blitzkreig, to try not to make it work.

In a sense, the integrity of this House is in question.

Do we knuckle under to those forces that have never supported civil rights? Do we knuckle under to those forces which are now in the process of undermining and eroding and emasculating every single gain that my people and other minorities have made? The integrity of this House is in question.

Mr. BOULTER. Mr. Chairman, I yield 2 minutes to the gentleman from Arizona [Mr. KOLBE].

Mr. KOLBE. Mr. Chairman, there are a lot of reasons for Members to support the Latta amendment. We will see substantial budget savings if the Latta amendment is adopted. But, as a member of the Banking Committee my reason for standing here this morning is to tell you we ought to support it for reasons that have already been outlined.

□ 1155

This is just the wrong way to proceed, and I join with the ranking minority member of the Banking Committee in saying so.

We have got part of this reconciliation bill, title II, that includes an entire authorization for housing. That bill, as we passed it in committee, is 227 pages long. As the chairman of the full committee said earlier, we had 12 days of hearings and 8 days of markup

on it. There were more than 100 amendments that were offered in committee. A lot of those amendments were debated vigorously. Some of them were adopted by very narrow margins.

We need to have a full debate on those issues on this floor. When we are talking about making substantive changes to programs and adding new programs, as the ranking Republican member has suggested would be the case here, we need to have a full debate on that. Why not bring H.R. 1 to the floor? Let us have a full debate on the authorization bill. I am not opposed to that, and I do not know anybody on my side of the aisle who is opposed to that. I know my colleagues have said they would support that. I think we ought to have that kind of full debate.

Mr. GONZALEZ. Mr. Chairman, will the gentleman yield?

Mr. KOLBE. I yield to the gentleman from Texas.

Mr. GONZALEZ. Mr. Chairman, I want to remind the gentleman, because he is a member of the committee, that no other committee history—I have been a member of this subcommittee for 24 years, and at no time have we ever had anywhere near 136 amendments offered leisurely.

The gentleman from my State of Texas, my colleague, a while ago said he had been denied an opportunity for two. Well, he offered 36 percent of those amendments. But when we voted on the bill in subcommittee and full committee, will the gentleman tell me who voted against it? It passed out on voice vote unanimously.

Mr. KOLBE. Reclaiming my time, the chairman was very fair in allowing debate on the amendments in the committee. But many of those amendments were vigorously debated. And we ought to have the same debate on authorization of new programs and existing programs totaling $20 billion or more on the floor, too. The bill is in Rules Committee. The majority dominates that committee by a more than a 2-to-1 margin. Why not bring it out of committee and onto this floor for a full debate?

As to the question of who voted against the bill in committee, I would only say to the distinguished chairman of the subcommittee that many of us were prepared to vote against it in the full committee but were not given that opportunity.

The CHAIRMAN. The time of the gentleman from Arizona [Mr. KOLBE] has expired.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the very distinguished and honorable gentleman from Connecticut [Mr. MCKINNEY].

Mr. MCKINNEY. Mr. Chairman, today there is more fog in this House about H.R. 1 than there is hanging over the Capitol dome, and you cannot see the Capitol dome it is so foggy out there.

Title II is not over budget. It is under the HUD appropriated level. There is not a single new program in H.R. 1 that has not been accounted for financially by taking money from other areas.

It is wonderful to bring up a fog against progress. I trust my colleagues and the Members of my party. But I do not believe the Banking Committee on the other side will ever get us a bill.

What is going to happen to FHA insurance? What is going to happen to flood insurance? What is going to happen to the amendments for UDAG that so many of my Republican colleagues asked me to support for them so that other parts of the country would benefit?

It is wonderful to stand here and say, "New programs" today's zap word. A real zap word.

But is that not what the Congress of the United States is about? Were we not sent here to try to pass laws that will work?

I would suggest to you that the Nehemiah Program will work. The handicapped changes in section 202 are incredible changes, and I think they are very valuable. The gentlewoman from Ohio [Ms. OAKAR] on that side of the aisle and myself on this side of the aisle worked very hard on them.

It is a fact that for the first time we in the Congress are going to say to Health and Human Services and HUD: You must talk to each other. Right now Health and Human Services is the biggest payer of rent to slum landlords in the United States of America.

Mr. ROTH. Mr. Chairman, will the gentleman yield?

Mr. MCKINNEY. I yield to the gentleman from Wisconsin for just 2 seconds.

Mr. ROTH. I appreciate what my leader, the ranking minority member, is saying. But the gentleman heard the chairman of our subcommittee. We had 137 substantive amendments that we debated, which shows the terrible condition of this bill. What the gentleman says is correct, but we want this bill to come to the floor so that the entire House can vote on these issues.

Mr. MCKINNEY. I can understand what the gentleman is saying. I would like this House to operate under regular order, too; but it does not, and it has not, and the last Latta amendment I voted on in 1981 was not in regular order either.

Mr. Chairman, while I am speaking on the housing issue, I have a point of clarification. The committee report language accompanying section 2142 concerning the housing for the handicapped provision which I sponsored highlights a policy which permits a sponsor to limit tenancy in a section 202 project to elderly persons or to the elderly and physically handicapped but excluding the developmentally disabled, chronically mentally ill, and other handicapped persons. The committee report indicates that this policy is contrary to the purposes of section 202 program.

It is my understanding that under the section 202 program, section 202 development should be custom-tailored to the specific client population sought to be served. The key consideration as I understand it would be that a section 202 sponsor must affirmatively demonstrate that it possesses the resources to meet the special service needs of the tenant group sought to be served. Therefore, the fact that a person is eligible under the section 202 program, does not necessarily mean that the person is eligible for occupancy in each and every section 202 project.

Section 2142 the housing for the handicapped provision would not alter the present policy.

Mr. ST GERMAIN. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. MOLINARI].

Mr. MOLINARI. I thank the gentleman for yielding.

Mr. Chairman, I rise in opposition to the Latta amendment.

Very briefly, there is a provision in this bill that is extremely important to the public housing stock of this Nation. In my district, there is great threat that the public housing stock is going to deteriorate. It seems to me that when we are talking about deficits and defict reduction, we should not want to evict those who are paying rents and replace them with people who cannot afford to. The theory is good, it sounds like it is a humanitarian proposal; but it does not work out that way. We are destroying our public housing stock, we are increasing the amount of Federal subsidies by present law, and it is working exactly to the contrary of those who are saying on the floor today, "We want to reduce deficits."

I would ask those who have public housing in their districts to join me in opposing the Latta amendment.

Mr. Chairman, although I believe there are some commendable provisions contained in the Latta amendment, I must oppose passage because it would exclude from H.R. 3500 a particular provision which is essential for my district.

Public housing tenants across the country will be penalized until this and the other body takes action and approves maximum rent legislation. These provisions which I introduced are contained in section 2102 and would allow housing authorities, at their discretion, to establish maximum rents, which are approved by the Secretary, and are based on either the average monthly debt service and oper-

ating expenses for projects of similar size owned and operated by the agency, or the fair market rent in the area. The proposed rent cap is not mandated upon public housing authorities, but rather is made available as an option which can be used based on an authority's individual economic considerations.

A rent ceiling is essential for the long-term future of this Nation's public housing program. In order to maintain an economic mix—a cross section of lower, low and lowest income families—and prevent the isolation of the very poor, public housing authorities must have this flexibility. I believe enough evidence has been produced to illustrate that social change and economic mobility are enhanced by encouraging housing in which families of different incomes and in different age groups can live together.

A broad income mix includes those who are largely self-supporting but still need some help in obtaining decent housing. This group includes people with upward mobility who will provide leadership in developing good and stable communities. Should these lower income working tenants, many of whom serve as role models in the community, leave public housing due to higher rents, we would be left with dense concentrations of the very poorest tenants. Again, experience has shown that this may bring on higher maintenance and social service costs, as well as having a detrimental effect on the surrounding neighorhood.

The positive effect working tenants have on public housing cannot be denied. In fact, the New York City Housing Authority, which runs one of the most successful housing programs in the country, maintains that the integration of various income groups is one of the key factors to its success for over 50 years.

Apart from promoting an economic mix, there is another very important reason for allowing housing authorities to establish a rent ceiling. If the lower income working tenants are driven out of public housing due to the inability to pay a higher rent, there will be a drastic loss in rental income to the authority because the incoming tenants will have significantly reduced incomes and rent levels. New York City has estimated that it could lose as much as $47 million a year in rental income if working tenants were forced out of its housing facilities. The result of this would be increased operating subsidies by the Federal Government and the American taxpayer. In these times of great concern over Federal deficits, this does not seem to be the course of action we would want to follow.

The loss of a rent cap does not affect only large metropolitan areas. I have received letters of endorsement from such cities as Pueblo, CO, and Bloomington, IL, among others, on the need for a rent cap to ensure the future of their public housing programs. In addition, these rent cap provisions have been endorsed by the National Association of Housing and Redevelopment Officials [NAHRO], the Council of Large Public Housing Authorities [CLPHA], and the Public Housing Authorities Director's Association—three major public housing organizations. I have attached an analysis prepared by the New York City Housing Authority on the loss of the rent cap as well as letters from MAHRO and CLPHA in support of rent cap legislation I introduced last year.

In order to preserve our public housing program, a public housing rent cap must be restored. The provisions contained in H.R. 3500 must be upheld by this body and finally enacted into law.

The CHAIRMAN. The time of the gentleman from New York [Mr. MOLINARI] has expired.

Mr. LATTA. Mr. Chairman, I yield 30 additional seconds to the gentleman from New York [Mr. MOLINARI].

If the gentleman will yield, Mr. Chairman, does the gentleman realize that there is a lot more in the Latta amendment than savings to the taxpayers of this country than what this housing bill does? There is $3.5 billion in deficit reductions in the Latta amendment. There is also striking your pay raise that they have got in there for 1987 and 1988 at 5 percent each year in the Latta amendment. So by voting against the Latta amendment you are saying, "I want my pay raise in 1987 and 1988."

Mr. MOLINARI. May I have 30 seconds to respond to that?

The CHAIRMAN. The time of the gentleman from New York [Mr. MOLINARI] has expired.

Mr. LATTA. Mr. Chairman, I yield 30 seconds to the gentleman to respond.

Mr. MOLINARI. I can stand here and look you directly in the face and say I have no qualms whatsoever about voting for a pay raise if it is in this bill if it means protecting my district, at the same time and I think the gentleman should not raise that point as an issue on this question.

Mr. WYLIE. Mr. Chairman, will the gentleman yield?

Mr. MOLINARI. I yield to the gentleman from Ohio.

Mr. WYLIE. May I suggest that I support the gentleman's provision on public housing stock. We had it in a substitute which we were prepared to offer on the House floor. I think that is the time to debate that issue rather than in this reconciliation bill.

Mr. MOLINARI. I thank the gentleman.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentlewoman from Illinois [Mrs. MARTIN].

Mrs. MARTIN of Illinois. Mr. Chairman, I think, ultimately, everyone can find in the bill something they would like to keep, they can find something in the Latta amendment that they would prefer not be in it. But it, ultimately, comes down to a very simple decision. And, really, much of this argument about H.R. 1 or about a pay raise is really peripheral to it.

Do you want to cut the deficit or don't you? Is this one thing for my district or even for my State or even a group of people? You have to determine if the speeches that almost every Member of this Congress has given about how they want to cut the deficit, if they are true——

Mr. SCHUMER. Mr. Chairman, will the gentlewoman yield?

Mrs. MARTIN of Illinois. No; not for a second. If my colleague would just let me finish a sentence, I would be grateful.

If you want to cut the deficit, you vote for Latta, because it cuts the deficit more. If you do not, or if you have other priorities than the deficit—and I do not think you have to be ashamed of them, you do not have to say they are wrong—but if the deficit comes first, you vote for Latta. If it comes second, you do not.

But many Members of both sides of the aisle have gone home and they have said to their constituents that the deficit matters, that they will do everything to cut, that they do not care where it comes, it matters.

So I tell you, as much as I can appreciate the distinguished members of the Banking and Urban Affairs Committee, as much as I can appreciate my own colleagues who want parts of the bill, they miss the greater good. If you care about small business and if you care about the poor and if you care about agriculture, you have got to want that deficit lower, and that means you have to vote for Latta.

There is one difference between H.R. 1 and Gramm-Latta. Gramm-Latta cut. It did not add.

Mr. ST GERMAIN. Mr. Chairman, I yield 1 minute to another very distinguished member of our committee, the gentleman from North Carolina [Mr. NEAL].

Mr. NEAL. Mr. Chairman and members of the committee, the problem is that the Senate will not pass the bill so that we can go to committee.

The only way that we can get a housing bill is to attach it in this case.

Do we need a housing bill? We need a housing bill for rural America, for the small towns of America. And this appears to be the only way of getting it.

We are told by the Congressional Budget Office that this bill is under the budget. It is 10 percent under the appropriations bills already passed by this House. It is $4 billion under last

year's bill. It is the only way that we can get to conference with the Senate.

I urge my colleagues to reject the Latta approach.

ANNOUNCEMENT BY THE CHAIRMAN

The CHAIRMAN. The Chair would like to inform the Members that any statement critical of the other body is not within the rules, and critical comment of inaction or inactivity by the other body mentioned here would violate the rule.

The Chair has not asked Members to refrain, but the Chair would make the general statement at this time that the Members who particpate in the debate should be very cautious as to mention of actions of the other body or its Members.

PARLIAMENTARY INQUIRIES

Mr. ST GERMAIN. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ST GERMAIN. Mr. Chairman, if, on the one hand, the other side of the proposition on this floor refers to the other body stating they will do something, and if this side of the proposition is convinced and has evidence of the fact that the facts speak against that, does the Chair mean to tell us that that would be critical to state that they are not acting—I mean, I think there has to be fairmess. If you are going to compliment the other body by submitting a letter and contending that it is Biblical or Sanskrit, then certainly the other side of the proposition should be allowed also, should it not, under the rules?

The CHAIRMAN. The Chair will state to the Member that the general rule is that there be no critical mention made of activities of the other body. The Chair will allow each Member to use discretion as to how he makes his pronouncements, whether or not it is in answer to one side or the other.

Mr. ST GERMAIN. Mr. Chairman, I have a further parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ST GERMAIN. If, on the one hand, the other side of the proposition speaks in glowing terms of that which the other side says it will do, one can on this side state that, "Well, we appreciate that statement; however, this is what we know that has been done to date." That would not be critical, would it?

The CHAIRMAN. The Chair has stated the general rule. Both sides of the issue, pro or con, should within the rule refrain from making observations of the other body that would be termed to be critical.

Mr. ST GERMAIN. I thank the Chair for its ruling.

Mr. GONZALEZ. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GONZALEZ. Mr. Chairman, in further elucidation about this very vague general rule about allusions to the other body, assuming that we wish to answer an inference or an insinuation advanced by any Member of the House that has reference to the workings on the other side, would it be in order for us to preface whatever critical evaluations we make of those statements if we make a statement and say that we take judicial knowledge that the other body is honorable, illustrious but misbegotten in its judgments, would that fall within the objectionable section of this rule?

□ 1210

The CHAIRMAN. The Chair will state that is not a proper parliamentary inquiry, but the Chair again will state that the Chair cannot respond to hypothetical questions at this time. Each statement will have to be regarded in its own.

The Chair asks the indulgence and the cooperation of the Members to refrain from any critical mention made of the activities of the other body.

Mr. BARTLETT. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BARTLETT. Mr. Chairman, to further on what I think is the Chair's good ruling, I assume it would be in order for this body to comment about what this body, the House of Representatives, should do in our processes in considering legislation on the floor of this House. I assume, from the Chair's ruling, that that is what we should focus on in the debate.

The CHAIRMAN. Within the proper language and within the rules, the gentleman is correct. Under the principles of comity, there are restrictions on debate as it pertains to mention of other Members or the other body.

The Chair would hope that the membership would cooperate with the Chair. All the Chair is asking is that the Members be judicious in their statements as it relates to the other body.

Mr. ST GERMAIN. Mr. Chairman, I yield 2 minutes to the elegant gentleman, my neighbor from the State of Massachusetts [Mr. FRANK].

Mr. FRANK. Mr. Chairman, I yield to the gentleman from California [Mr. EDWARDS].

Mr. EDWARDS of California. I thank the gentleman for yielding to me.

Mr. Chairman, I rise in opposition to the amendment. I am opposed to the portion of this amendment which eliminates proposed HUD funding of fair housing demonstration centers to assist private enforcement of the Fair Housing Act, title VIII of the 1968 Civil Rights Act.

H.R. 3500 authorizes $2 million to centers across the country which, for the past 15 years, have provided assistance to persons who have experienced racial discrimination in the home rental and ownership markets.

Title VIII grants no fair housing enforcement authority to HUD and very limited enforcement authority to the Attorney General. Enforcement of the statute has been left to private parties and the fair housing demonstration centers have been critical to that enforcement effort.

Despite inadequate enforcement mechanisms, the centers have been quite effective on what most would agree is a shoestring budget. One of the most effective enforcement tools available to them is the use of testers to establish a discrimination claim. The methodology is simple but effective: A black or Hispanic person is told an apartment is unavailable for rent; a white person, with a similar social and economic profile, submits an application to the same apartment complex and is offered an apartment(s). Such disparate treatment could be used as evidence of discrimination—the apartment operators would have to come forward with evidence to establish that their treatment was not discriminatory. If discrimination is proved, the punishment for such illegal treatment is monetary damages and/or the requested apartment. It is a small price to pay for such an indignity.

Testers have been recognized by the Supreme Court as a reasonable and necessary device to combat housing discrimination.

Support of the modest Tester Program sponsored by HUD under H.R. 3500 should be allowed. I therefore urge a "no" vote on the Latta amendment.

Mr. FRANK. Mr. Chairman, there is a wholly spurious procedural issue here. There are Members who would claim that it is somehow irregular for this House to legislate in reconciliation. We have had Gramm-Latta which did that. We have got on the debt extension, Gramm-Rudman, which has never had hearings. There may be a Member of this body who honestly and genuinely is opposed in principle to legislating on reconciliation, but I do not know who he or she is. No one thinks that anyone is serious about that.

There is other legislation here. The first action of the gentleman from Ohio today was to get up during the 1 minutes and get unanimous consent to leave alone a piece of legislation in this bill. He has not offered an amendment to cut other pieces of legislation. So no one thinks seriously that there is an objection in principle to legislating.

Why are we legislating? Because it takes, under the Constitution, the action of this House and something else to become law. Now, you cannot talk about something else, but this House alone cannot make a law; this House plus something has got to make a law. And if something does not want to make a law, this House cannot do anything.

So what we are saying is this: Let us put, as this House, on to reconciliation this bill, because we have not seen anything from something. But if something should change its mind because we have got reconciliation, then we will drop it in conference. We are not suggesting that this is the best way to legislate; we are not saying it is a good way to legislate. We are saying given what is happening somewhere else, and is not happening, it is the only way to legislate.

Do you want to respond to the homeless? Do you want to improve, as the gentleman from Texas knows we are trying to do, public housing modernization?

There is a new program here that I sponsored. Do you know what it does? We have built hundreds of thousands, millions of units of assisted housing. Some of them are starting to fall apart. We have a small revolving fund in here which was wholly noncontroversial to try and preserve units. We are not building new ones; we are preserving them.

Somewhere over the rainbow, something is not happening, and this is the only chance to get any action, and we will be glad to drop it if they change their minds.

Mr. LATTA. Mr. Chairman, I yield 2½ minutes to the gentleman from Florida [Mr. YOUNG].

Mr. YOUNG of Florida. I thank the gentleman for yielding me this time.

Mr. Chairman, 2 weeks ago, I inspected the Laurel Park public housing complex in St. Petersburg, FL, and found deplorable conditions in these units, such as rodent infestation, and water leaking from second floor bathrooms through ceilings to the first floor kitchens below.

HUD officials I've spoken with tell me that this situation is not unique to St. Petersburg, but that many public housing projects throughout our Nation are rundown and in serious need of repair and renovation.

Mr. Chairman, I would like to engage in a brief colloquy with my colleague from Texas, Mr. BARTLETT, a strong advocate of the Latta amendment currently under consideration. My concern is that we need to provide additional Federal funding for the modernization of our Nation's public housing stock so that our constituents renting these units don't have to live in such deplorable conditions. My question is, if the Latta amendment is adopted by the House today, what effect will it have on modernization funding for housing projects such as Laurel Park?

Mr. BARTLETT. If the gentleman will yield, I very much commend the gentleman from Florida for his leadership in modernizing and attempting to repair Laurel Park and other units.

The direct answer to the question is, the only way to obtain more funds for modernization and repair is to pass the Latta amendment today and then bring H.R. 1 back to the floor to provide for reprioritizing of the funding so that we can place more funding in the modernization and repair of Laurel Park and other units.

I commend the gentleman for his support because the way to obtain more funding is to pass the Latta amendment so that we can place modernization as a priority, which it has not been.

Mr. YOUNG of Florida. Mr. Chairman, according to information I've received, there are as many as 70,000 units of public housing throughout our Nation in such disrepair that they are uninhabitable. Yet, I look at Federal funding levels for the past 3 years and see that modernization funding remained level while funding for new housing programs and the construction of new units has increased. Would my colleague respond to that?

Mr. BARTLETT. If the gentleman will yield, I would say the gentleman is absolutely correct. H.R. 1, in its present form, would continue the status quo of this repair of public housing units. We have made some improvements in modernization and CIAP in H.R. 1. But what we can do with H.R. 1 on the floor is to eliminate constructing new units and take those funds to repair existing units such as Laurel Park and the other several hundred thousand units that are in need of repair.

Mr. YOUNG of Florida. Mr. Chairman, I want to thank my colleague for his answers and commend him for his leadership on the Housing Committee to try and reform our Nation's housing programs so that we can clean up the Laurel Parks of our Nation and provide decent but affordable public housing for our Nation's elderly, handicapped, and low-income families.

Mr. ST GERMAIN. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Florida. I yield to the gentleman.

Mr. ST GERMAIN. I thank the gentleman for yielding.

Mr. Chairman, I would say to the gentleman, as everybody knows from my ad in the Wall Street Journal, I go to St. Petersburg on occasion; modernization has been doubled in H.R. 1 because we go by means of grants. If the Latta amendment is adopted, you will not have any funds for doing anything at Laurel Park.

The CHAIRMAN. The gentleman from Rhode Island [Mr. ST GERMAIN] has 1½ minutes remaining.

Mr. ST GERMAIN. Mr. Chairman, I yield that 1½ back to the gentleman from Pennsylvania [Mr. GRAY].

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield 3 minutes to the gentleman from North Carolina [Mr. JONES].

Mr. JONES of North Carolina. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong opposition to the amendment offered by the gentleman from Ohio.

There has been much talk around here for the last couple of days about the need to "purify" the reconciliation bill—the need to remove from the legislation matters which, in the view of some, do not belong in a reconciliation bill.

What is a proper piece for reconciliation—like "beauty"—is in the eye of the beholder. And, although I hesitate to remind my colleagues about the 1981 Gramm-Latta reconciliation bill, sometimes one's view of what is beautiful can change.

However, buried in the Latta amendment are a couple of lines that would strike from the bill two of the most important efforts of the Merchant Marine Committee.

One line would strike the OCS revenue-sharing legislation on which our committee has worked for 3½ years.

Is this an idea that the Merchant Marine Committee is trying to slip into H.R. 3500 because it could not be passed on its own merits?

Well, look at the record and decide for yourself.

In 1982, similar legislation passed in the House by a 260-to-134 vote.

In 1983, similar legislation passed in the House by a 301-to-93 vote.

In 1984, similar legislation passed in the House by a unanimous voice vote as an amendment to a Senate bill so that we could go into a conference committee.

Also, in 1984, the conference report, which is practically identical to the provision in this reconciliation bill, was passed in the House by a veto override margin of 312 to 94.

Only time limits at the end of the 98th Congress prevented the other body from fully considering the conference report which its conferees had unanimously approved.

The record on this matter is clear. We have included OCS revenue sharing in reconciliation only to finally resolve what should have been settled at the end of the last Congress.

Another line in the Latta amendment would strike the coastal zone management reauthorization section of the bill.

Less than 3 months ago, this body passed that legislation by an uncontested voice vote—with bipartisan support. Again, the Merchant Marine Committee is not—I repeat not—trying to pass anything that this House has not already approved—by overwhelming margins.

Some have argued that reconciliation should only include provisions that involve "savings" to the Federal Government.

In point of fact, both of these measures will result in such savings.

The CZMA bill reduces authorizations to fiscal year 1985 freeze levels and tells the States that they will have to pick up a greater share of the costs of their CZM grants—from 20 percent under existing law to 50 percent in the years ahead.

Also, the reduced authorizations, including the striking of the fiscal year 1986 level, will result in total authorization savings of well over $200 million over the next 4 years. This, in my view, is "savings."

The OCS revenue-sharing provision will bring even greater savings to the Federal Government.

Coastal State opposition to offshore leasing has led to litigation and other problems that have meant major losses to the Federal Treasury and serious delays in our OCS Program.

Giving States a financial stake in the program will eliminate opposition unless it's based on serious environmental problems.

A more predictable OCS Program with considerably less litigation will result in more areas being leased with higher bonuses from the oil companies.

At the same time, the States will be required to use their money to protect the marine and coastal environment.

We have even scaled back our proposal. It does not begin until fiscal year 1988, and the first year's ceiling on the fund has been cut in half—it is now $150 million whereas the prior bills passed by the House were at $300 million. And it is all subject to appropriations.

This is a small price to pay for a sounder OCS Program. Some have calculated that the Government has lost billions of dollars because of State opposition. The time has come to stop this loss of Federal revenues and the place is H.R. 3500.

I urge my colleagues to vote "no" on the Latta amendment.

□ 1220

The CHAIRMAN. The gentleman from Ohio [Mr. LATTA] has 10½ minutes remaining and the gentleman from Pennsylvania [Mr. GRAY] has 13½ minutes remaining.

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield 2 minutes to the chairman of the Committee on Post Office and Civil Service, the gentleman from Michigan [Mr. FORD].

Mr. FORD of Michigan. Mr. Chairman, like the gentleman from North Carolina, I was surprised when I saw the Latta amendment, because it comes after our jurisdiction in two ways, and in both instances he seeks to strike cost-effective changes that we put into the reconciliation.

The first one is the pay. You have heard the red herring about the Member's pay; that is all absolute nonsense, because whether you vote for Latta or you vote for the House will not make any difference in the pay of Members of the House, in 1988. So to throw that up as a reason for doing this is nonsense. But what is frightening is that we were directed to save $10,554,000,000 in pay over the next 3 years. We actually in the bill that is brought before us without Latta save $10,573,000,000, $19 million more. So one asks, "Why would Latta be doing something that would cost $19 million more over 3 years than what the committee recommended?" We do not understand it. We think this is another one of those things like knocking the blind people out in Gramm-Latta. He did not mean to do it, and after it happens, he will explain that to all of those who vote for his amendment, as he did before.

What is really important, is that he is going to affect the health insurance premiums of 1.4 million subscribers to more than 128 Federal health benefit plans that Federal employees are enrolled in. That proposal was put in after testimony from the Office of Personnel management as a cost-containment measure, and it is guaranteed over the years to drive down the cost to the Government and to the subscribers of health insurance premiums because it encourages the members to move to the lower cost plans and away from the higher cost plans. There are some of the people who run the higher cost plans who do not like that. They like to sell the premium insurance for the high premiums, and I do not know whether they got involved in writing this or not, but again it is a cost-containment provision that reduces the cost to the Government and to the subscribers, and Mr. LATTA wants to repeal it. I do not know why.

The CHAIRMAN. The time of the gentleman from Michigan [Mr. FORD] has expired.

Mr. LATTA. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, let me say I find it difficult to follow the line of reasoning just put forward that when you increase Federal pay in 1987 and 1988 by 5 percent, you save money. What they are saying is that we want these agencies and departments to absorb the pay increase? Ridiculous. The Office of Management and Budget says it is impossible for them to do that.

On the matter of Federal health insurance, why, we have a 75-percent cap right now. What they propose to do is to have the taxpayers of the country pay 100 percent, and that is supposed to save money?

The CHAIRMAN. The time of the gentleman from Ohio [Mr. LATTA] has expired.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. KASICH].

Mr. KASICH. Mr. Chairman, I yield to the gentleman from Texas [Mr. BARTLETT].

Mr. BARTLETT. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, to clarify the issue of modernization, the fact is, H.R. 1 continues the status quo of building new units of public housing, and what many of us want to do is to use those funds to repair the existing substandard and vacant units of public housing, and if it comes back to the floor on an open rule, we would attempt to do that and to give the Members a chance to vote that way.

Mr. KASICH. Mr. Chairman, I thank the gentleman from Texas.

Mr. Chairman, let me say this very quickly to the people who have been expressing their concerns about the enactment of Gramm-Rudman, should that amendment in fact be carried through both Houses: There are a lot of people who are complaining or who are concerned about what the impact of Gramm-Rudmann would be. People in defense, including experts in both Houses, have said, "Well, we are concerned about the impact on readiness." People are expressing their concerns about the impact on social programs.

But what we must remember is that in fact if Gramm-Rudman becomes law, Gramm-Rudman only kicks into effect if we exceed our budget targets, and what we do in this reconciliation bill—and I just simply cannot believe it, after all the debates we have had over the last couple of months—is to have spending increases in a bill that is designed to carry out spending reductions as provided in the Budget Act. So what we really do is call into question whether we in fact are going to meet our targets.

Mr. SCHUMER. Mr. Chairman, will the gentleman yield?

Mr. KASICH. I have only limited time, and I cannot yield.

Mr. Chairman, if we should exceed our targets, then we are in a position where we simply must go forward and call for across-the-board cuts that concern people and readiness and everything else. If we do not enact a reconciliation bill that enacts the spending reductions as provided in the Budget Act, we are phony budgeting; we are not providing for numbers that make any sense.

That is how we get in trouble. That is how we would get in trouble under Gramm-Rudman. Gramm-Rudman would only kick into effect if this Congress did not exercise truth in budgeting.

Mr. Chairman, I say that we ought to do it, we ought to do it together, and we ought to make reconciliation do what it is designed to do.

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield 30 seconds to the gentlewoman from Ohio [Ms. OAKAR].

Ms. OAKAR. Mr. Chairman, I just wanted to briefly refute the remarks made by my friend, the distinguished gentleman from Ohio [Mr. LATTA].

We passed under suspension a bill that would remove the cap for the contribution of Government employees' health insurance. The reason we did that was to provide an incentive for those people in that plan, including ourselves and all Government workers, 3 million who are working today and about 1.5 million who are retirees, and to encourage them to go into lower premium plans.

Mr. Chairman, it is a help. It is a savings device, not an increase at all, and I think my friend knows that.

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield 1½ minutes to the gentleman from California [Mr. MINETA].

Mr. MINETA. Mr. Chairman, I have been a long-time supporter of the Congressional Budget Act of 1974 and the process that it established. In fact, I served on the Budget Committee for 6 years and served as the chair of the Budget Process Task Force, and it is only after trying all other avenues for the last 5 years as the chair of the Subcommittee on Aviation that I have concluded that as long as the aviation trust fund is a part of the budget process, there can be no assurance that needed aviation safety and capacity improvements will be funded.

Aviation safety pays every time we cut back on spending from the revenues that are sitting in the aviation trust funds.

□ 1230

Safety pays every time we ignore the users' good-faith payment of taxes in expectation of safety and capacity improvements.

The gentleman from Ohio has today seen the light with guidance from the distinguished gentleman from Kentucky as far as taking the aviation and highway trust funds off budget. I applaud him for this.

However, the gentleman's amendment continues to ignore needed housing and community development programs. Moreover, this morning's changes to the amendment make mockery of this body's deliberative procedures and it points out once again what happens when the House plants its collective feet in concrete and refuses to change the Budget Act.

We must fine tune our budget process and defeat the Latta amendment.

Mr. LATTA. Mr. Chairman, may I inquire as to how much time is remaining?

The CHAIRMAN. The gentleman from Ohio [Mr. LATTA] has 8 minutes remaining and the gentleman from Pennsylvania [Mr. GRAY] has 9½ minutes remaining.

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. Mr. Chairman, I would like to address some of the arguments that I have heard from the other side of the aisle.

The Latta amendment is the deal of the year and if you did not get your part of it, you really missed out.

Now, let me tell you what we are going to do with the gentleman from Ohio [Mr. LATTA]. I hear all this concern about budgets and fiscal responsibility. Well, you do not do anything with OCS. That is going to cost billions of dollars in the future. We cannot do that. That is the big guy. We cannot do that.

Then we put the trust funds off budget. Now, how could anyone stand up and call themselves fiscally responsible when you are talking about taking things off budget that the President nor the Congress will no more have any impact on to hold down the spending?

What do you do? You do what you do most of the time. You sock it to the little guy in the housing programs, in the things that are needed, and you leave the big guy out.

So I want to tell you, if we stick around for another hour or so, maybe we can make some more deals.

There is no one who can possibly vote for this amendment who believes in fiscal responsibility.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Ohio [Mr. OXLEY].

Mr. OXLEY. Mr. Chairman, I rise in strong support of the Latta amendment. Here is one Member who is willing to vote for the Latta amendment, willing to vote for the Latta amendment up front, understanding very strongly that the reconciliation process, as I understand it when I came to this body 4 years ago, was to get us to budget savings and to drive the deficit down. That is what reconciliation meant to me and it still means that to me today.

We have a chance, I think, in this amendment to save the taxpayers $3.5 billion. As the gentlewoman from Illinois said earlier, this is a chance for us to put our money where our mouths are and to save the taxpayers that kind of money.

Somebody mentioned that place over the rainbow, my friend, the gentleman from Massachusetts, and indeed, they are playing that same game that some Members of this body are trying to do as well, and that is to use the reconciliation process to raise spending.

The Chief of Staff sent a letter just the other day to the other body saying that the President would consider very strongly a veto if those spending measures were added to the reconciliation process. We are playing into the same game if we do that here.

We have got one chance and one chance only and that is to vote for the Latta amendment and to save that $3.5 billion. It is as simple as that.

I would like to see a good housing program. I would like to see a program come out of committee and work its way through the process, but that is not happening.

The other body, for example, if you will, has added some provisions in there that I am concerned about, increasing, for example, public broadcasting by $15 million over a number that the President has already vetoed twice. I am concerned about that.

I think we have a chance here to set the record straight and to pass a meaningful reconciliation process. If we do not, then we might as well junk the whole budget process and, indeed, this is going to bring about a much more strict type of legislation, known as Gramm-Rudman, that many of us I think are concerned about in its application to cutting the budget.

So this is a responsible approach. I salute my colleague, the gentleman from Ohio, who has made a career out of saving the taxpayers money and eliminating waste and fraud in Government spending.

Mr. DREIER of California. Mr. Chairman, as a member of the Banking Committee which spent nearly an entire working month grappling with H.R. 1, the Federal housing authorization, I was startled to learn that the text of that massive bill would be included as a part of the budget reconciliation legislation we will consider later on today.

I can assure my colleagues that those of us who studied this legislation in committee ran into difficulty with it as reflected by the fact that amendments were offered to the bill on the average of one for every other page, and a full 86 of those amendments carried.

Notwithstanding that arduous 8-day markup, however, the bill that is being brought to you between the bookends of reconciliation is not the bill that our committee reported, for major changes were made to it later in a small caucus.

If you agree with me that the rest of the House should have a better look at this major bill, I hope you'll join with me in supporting the Latta amendment, which would bring about regular order consideration of the housing bill.

Mr. SHUMWAY. Mr. Chairman, I rise today to strongly support the Latta amendment which seeks to eliminate the authorization add ons which were included during the reconciliaton proceedings of certain House committees. In eliminating these authorizations for new Federal spending, we will help restore a certain degree of fiscal discipline which otherwise is notably lack-

ing as Congress proceeds with its fiscal year 1986 budget process.

In my mind, the reconciliation actions taken by two particular committees on which I serve—the House Merchant Marine and Fisheries Committee and the Banking Committee—amply demonstrate the reason why Congress is presently unable to deal with the current deficit crisis: We, as a body, are institutionally much more concerned with finding new and politically attractive ways to spend Federal money—without regard to accepted legislative procedure or even at times the substance of the policy issues—than we are with making the sometimes-tough political choices required to achieve spending cuts and control the deficit. In essence, realization of this inability is the real reason behind the House leadership oppositon to the Gramm-Rudman-Hollings budget proposal. Congress knows full well that to avoid the risk of Presidential budget slashing, it will have to step forward and accomplish the unpalatable task of passing a budget resolution that adheres to strict deficit limits. By opposing Gramm-Rudman, Members of Congress are conceding that we are not equal to the task, and in essence we are signaling that we would prefer to continue current practices, such as today's reconciliation proceeding, which cleverly render our budget process useless.

As the ranking minority member of the Merchant Marine and Fisheries Committee's Subcommittee on Oceanography, I strongly opposed the add ons included by our committee. Our committee's reconciliation instructions required us to come up with $300 million in savings for fiscal year 1986. Only through certain questionable accounting practices by the Budget Committee and CBO (whereby they gave both the Merchant Marine and Fisheries Committee and the Interior Committee credit for the same $4 billion in savings from an 8(g) settlement) did our committee surpass its goal. Were it for this "double accounting," however, we would have fallen short of the savings quota. In any event, the committee then proceeded to turn an exercise designed to achieve fiscal year 1986 budget savings into a means of authorizing over $350 million annually in new open-ended spending authority starting in 1989.

The majority of this new spending authority is targeted for a new program which shares with a wide range of U.S. States and territories a portion of the Federal revenues, generated by the OCS oil and gas leasing program. The program, however, includes Great Lakes States and U.S. territories, none of which even participate in the OCS Program. Why, then, are we sharing OCS-generated revenues with them? As well, the State grant formula, under the program's proposed provisions, is not tied only to actual OCS oil and gas leasing or production but rather it includes nonrelevant factors such as coastline mileage and population. Finally, the money will be used by States for coastal zone management-type purposes, but not in lieu of separate Federal CZMA funding. At a time when this House has already passed legislation this year to reauthorize but cut back CZMA funding, it makes no sense, particularly given our Federal deficits, to be passing this program to be used for this duplicative purpose.

From a procedural standpoint, including a program such as OCS revenue sharing in the reconciliation bill stifles the legislative due process. Our committee has had no hearings on this measure this year. No doubt its proponents will say that this program has passed the House in previous years. While that is true, more than one revenue-sharing proposal was considered during our committee markup. As well, this proposal, for the first time, is in conjunction with CZMA funding and not in lieu of it. And, furthermore, our fiscal picture is even worse today than it was 2 years ago when the House last passed it.

Clearly, this is a provision which cries out for careful consideration and amendment—not concealment in a bill meant to fulfill the purposes of the Budget Act.

Mr. Chairman, as a ranking minority member of the Banking Committee, I witnessed an equally, perhaps greater, abuse of the legislative process by that committee's inclusion of H.R. 1 in its reconciliation package. Our committee considered over 125 amendments to the measure and the result was far, far short of what I consider to be a good bill. What logic, then, prevails in considering this measure as part of a vehicle which drastically restricts a Member's ability to offer amendments? Not to mention, of course, the larger policy question of whether we are actually doing our Nation's housing cause more damage than good by irresponsibly increasing our deficit and, therefore, raising interest rates which are so important to potential homeowners.

The Latta amendment should not be a difficult vote. Its passage will simply mean that the House recognizes that it is time to stick to our own budget rules as best we can, and debate the other issues fairly and openly on their merits.

Let's change the tone played by this symphony of lawmakers—from the monotone of deficit spending to the harmony of thoughtful, responsible fiscal planning.

Mr. WIRTH. Mr. Chairman, I want to amplify my reasons for voting against the Latta amendment to the House reconciliation budget bill, H.R. 3500.

We have seen more smoke and mirror budget tricks this year than I hope we will ever see again. However, the unfortunate reality is that this amendment gives us more of the same.

Supporters of the Latta amendment have argued that it will save $3.5 billion from the deficit over the next 3 years. That assertion is flat wrong. Using figures from the nonpartisan Congressional Budget Office, the House Budget Committee has shown that the Latta amendment would save at most $300 million over 3 years, and even those savings will probably not materialize.

Proponents of this amendment appear to have dramatically overstated budget savings to make their proposal look like a major deficit cutter. It is not. In the area of civilian pay raises, for example, this amendment's supporters have ignored CBO cost estimates, claiming $1.3 billion in savings that will never occur.

Moreover, last-minute revisions by the authors of this amendment would take aviation, highways, and mass transit trust funds off budget, thereby removing about $17 billion in Federal programs from budget scrutiny.

Mr. Chairman, as its contribution to this deficit reduction bill, the Banking, Finance and Urban Affairs Committee has surpassed the deficit-cutting targets specified by the fiscal year 1986 budget resolution by $2.3 billion. While it is true that the committee has added some new programs, every one of them has been paid for by cuts in other areas.

These zero-sum changes were the product of a careful program-by-program review by the Subcommittee on Housing and Community Development and the full committee. Moreover, the programs under question here today had broad, bipartisan support when they were passed unanimously by voice vote out of both committee and subcommittee. This bill includes a fair housing program proposed by the Housing and Urban Development Secretary, and a new Rural Housing Loan Guarantee Program and public housing financing changes which were proposed by Republican members of the committee.

Although the authors of the Latta amendment argue that a reconciliation bill should not contain any new funding, they apply this principle inconsistently. While the amendment singles out 16 of the bills programs, it does not touch 11 other new authorizations. This kind of arbitrary budget policy is simply unfair.

Mr. Chairman, let us be perfectly clear. The provisions that the Latta amendment would delete not only meet but actually exceed the agreed upon budget-cutting targets. CBO figures certify that those who claim this amendment would cut the deficit by $3.5 billion are deceiving the American public.

The authors of this amendment are not writing good budget policy; they're writing fiction.

Mr. GRAY of Pennsylvania. Could I inquire of the Chair how much time is remaining on both sides?

The CHAIRMAN. The gentleman from Pennsylvania [Mr. GRAY] has 8½ minutes remaining, and the gentleman from Ohio [Mr. LATTA] has 6 minutes remaining.

The Chair would state to the gentleman from Pennsylvania that as the manager of the bill he would have the right to close debate.

Mr. GRAY of Pennsylvania. Mr. Chairman, at this time what I would propose to do is to yield to one other speaker and then use the remaining time to close debate.

Mr. Chairman, I yield 1½ minutes to the distinguished chairman of the Committee on Banking, Finance, and

Urban Affairs, the gentleman from Rhode Island [Mr. ST GERMAIN].

Mr. ST GERMAIN. Mr. Chairman, I would like to address a few points that have been made since I initially spoke.

We held 12 days of hearings in the subcommittee and had 8 days of markup.

"Over the Rainbow," we had 3 days of hearings, March 22, 25, and 15; whereas we marked up in other places, instead of a markup, the markup call was for 9:35 a.m. and it was adjourned at 9:40 a.m. with a promise that on September 24 that it would be concluded, the markup, that is, at the end of that week.

Well, here we are in October and no new markup scheduled. I guess they have not found out yet where they are going.

That is why we are asking you to help us keep the housing bill in reconciliation.

I say to my colleagues that our very, very distinguished member of the Rules Committee who spoke a few moments ago put it right on the button. He hit it right on the button.

Having stripped other items from the bill, we are left with a situation where the unfortunates of this country are going to be hit, but we took care of the big guys.

Incidentally, there were 30 members on the Democratic side of the Banking Committee and I would like to inform the members of the Public Works Committee that we on the Banking Committee are going to be looking very closely at the next vote that is going to occur in a few moments, because I have not decided yet how I want to go on the Fazio amendment. I think many of my colleagues on the Banking Committee, the 30 Democrats and myself, have that decision yet to make.

Vote "no," please, on Latta.

Mr. LATTA. Mr. Chairman, I yield 2 minutes to the gentleman from Texas [Mr. BOULTER].

Mr. BOULTER. Mr. Chairman, I rise in support of Congressman LATTA's amendment to H.R. 3500, the Omnibus Reconciliatin Act of 1985. As you know, this amendment would eliminate approximately $3.5 billion of add ons to the deficit, including a major authorizing bill—H.R. 1, the Housing Act of 1985, and a congressional pay raise.

Ladies and gentlemen, this body is at a watershed point. Are we going to continue profligate spending of the taxpayers' money, or are we not? Are we going to do something about the deficit, or are we not?

Now is the time to decide. If savings cannot be achieved during the reconciliation process, they are never going to be achieved. If the Latta amendment fails, then we don't have reconciliation and Congress will have made a sham of the budgetary process once again.

Following the August district recess, it is now clear to all of us that the process by which we take tax dollars and spend them has come under intense public scrutiny as never before. Opinion polls show that the deficit is now the No. 1 area of concern the American people have about their Government. Imagine that—inflation, national security, the entire array of public concerns now takes a back seat to our spending habits. We're castigated on editorial pages across the country. Many have suggested that the budgetary process is out of control and can be salvaged only through institutional changes.

Congress brought all this attention on itself. Congress spent its way into the deficit, and then last fall Members traveled around their districts wringing their hands over it. I'll wager about 90 percent of the Members here campaigned in 1984 on cutting Government spending.

Now is the time to begin redeeming those promises to our constituents. Mr. LATTA's amendment will save $3.5 billion over 3 years. That's a small but steady step toward the $276 billion in savings this body has resolved to achieve in the fiscal year 1986 budget resolution.

Is the House genuinely concerned about this Nation's economic health, or is it an out-of-control collection of spendthrifts? Is the fiscal 1986 budget resolution meaningless rhetoric, or a real goal? Whether or not Congressman LATTA's amendment passes will do much to provide the answers.

Mr. GRAY of Pennsylvania. Mr. Chairman, may I inquire how much time is left?

The CHAIRMAN. The gentleman from Ohio has 4 minutes remaining and the gentleman from Pennsylvania has 7 minutes remaining.

The gentleman from Pennsylvania has requested to utilize the balance of his time in closing, which under the precedents he would have the right to do.

Mr. LATTA. Mr. Chairman, I have the right under the procedures of the House, since it is my amendment, to close the debate.

The CHAIRMAN. The Chair will state to the gentleman that the manager of the bill, under the precedents, has that right, and the Chair so rules.

Mr. LATTA. Well, Mr. Chairman, that is new.

Mr. GRAY of Pennsylvania. Mr. Chairman, I would like to inform the Chair, as well as the distinguished gentleman on the other side, that there may have been some implication that we have one speaker; we have two for the closing, and if the gentleman is saying that, we will be glad to put on one speaker and then close.

The CHAIRMAN. The Chair will be happy to accommodate the Members in whatever agreement they reach.

Does the gentleman from Pennsylvania wish to yield at this time, or the gentleman from Ohio?

Mr. LATTA. Mr. Chairman, if the gentleman from Pennsylvania has another speaker, I will be glad to yield to him, but not for closing. I still have some time.

Mr. GRAY of Pennsylvania. Mr. Chairman, it is my understanding that this side will close; is that correct?

The CHAIRMAN. The Chair has so stated.

Mr. GRAY of Pennsylvania. Therefore, Mr. Chairman, I yield myself 2½ minutes.

Mr. Chairman, I rise in opposition to the Latta amendment for two reasons. First, it is discriminatory; and second, it is claiming falses promises.

First, let us talk about the discriminatory nature. It says it wants to go after new programs that are authorized in reconciliation, even though it ignores the fact that just 4 years ago in 1981 the Gramm-Latta reconciliation had 200 changes in authorization.

But be that as it may, it asks us to go after 16 programs that are in reconciliation, yet it overlooks 11.

The question then is that if you want to go after authorizations and new programs, let us be honest about it; go after all of them, do not pick and choose. Do not skip here and go there. Do not go after poor people's programs and leave the others alone; so I say that it is discriminatory and, therefore, ought to be rejected because it does not go after all the authorizations. It only goes after some. It picks and chooses.

Second, it is also guilty of false promises and false claims, and let me tell you what they are. It claims that it is going to reduce the deficit even further. That is absolutely not the case at all. The Latta amendment claims $1.3 billion in additional savings for pay. CBO stated in a letter to us that the Latta language saves the same as the House-passed reconciliation. Therefore, the Latta amendment can claim zero for new savings.

For those who say this is going to reduce the deficit, I am here to tell you that it does not further reduce the deficit at all. What you are doing is selecting a different set of priorities from those selected by the 10 committees that submitted their recommendations.

Now, if the minority side wants to admit that its Members who served on the 10 committees failed to live up to their responsibilities, then that ought to be dealt with somewhere else; but it ought not to be dealt with here in reconciliation, because it was not dealt with in the various respective committees of jurisdiction.

I urge you to vote "no" on Latta because it discriminates. It does not go after all the authorizations.

I urge you to vote "no" on Latta because CBO certifies that it will not save additional dollars, as claimed by its author.

Mr. Chairman, I urge a "no" vote.

Mr. LATTA. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, on yesterday during general debate I spoke in opposition to the Latta amendment because I felt that it blocked our efforts to take the transportation trust funds off budget. I thought it was inappropriate to include that language in the budget.

This morning, as you know, the amendment was amended and now the trust funds go off budget beginning in fiscal year 1989.

The Congressional Budget Office has advised us, and it is in the printed report, that because of the surplus being built up in these funds and not being spent, that when you begin to draw down on them in future years you would increase the deficit beginning in 1989.

□ 1245

So by taking the trust funds off budget in 1989, we will decrease the deficit in 1989 by $80 billion, and $230 million in 1990.

This is a deficit reduction move, by taking the trust funds out of the unified budget and I am pleased to support the Latta amendment and ask my colleagues to do likewise.

Mr. LATTA. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, this has been good debate, but we are far afield from what we are concerned with. We are concerned with reducing the deficit by $3.5 billion. Vote against the Latta amendment and you are saying, "I want to go $3.5 billion further in the red."

That is the question. Also, it has been brought up here and I cannot believe my ears when it's said that when you increase the salaries of Federal employees, including Members of Congress, in fiscal years 1987 and 1988, somehow you are going to reduce the deficit.

On the housing matter, we have had that bill up before the Committee on Rules for 2 months. If that bill could have stood on its own, the Committee on Rules would have reported it and we would have had it down here on the floor. They should not be attempting to slip it through here on the floor of this House without amendment, without having a chance to debate it. That is what they are saying to us.

Let me say in conclusion that we cannot take all the problems of country in one amendment. We are being criticized because we are not taking care of all of the problems of the country. We are taking care of $3.5 billion, and that is the issue.

Mr. Chairman, I yield the balance of my time to the minority leader, the gentleman from Illinois [Mr. MICHEL].

The CHAIRMAN. The gentleman from Illinois [Mr. MICHEL] is recognized for 2 minutes.

Mr. MICHEL. I thank the gentleman for yielding this time to me.

Mr. Chairman, the reconciliation process is the means through which the various committees meet their obligations for deficit reduction. It is not a Christmas tree upon which we hang goodies for one and all. It is not a piece of legislative machinery to create new spending. It is the enforcement arm of the budget. It is not a procedure for initiating new ideas. It is a procedure for implementing ideas that we have already accepted.

So it logically follows that any deficit add ons to the Omnibus Reconciliation Act of 1985 are against the spirit and the letter of the reconciliation process.

The substitute offered by the gentleman from Ohio [Mr. LATTA] helps us subdue our fiscal schizophrenia which I see ballooning here. His amendment would eliminate the spending increases contained in the bill and reduce the deficit by an additional $3.5 billion over 3 years. That is what this is all about. That is why some of us are over on the other side of the Capitol with that deficit-reduction reconciliation conference over there.

I cannot belabor the points. We have a clearcut choice. Either we accept the substitute offered by the gentleman from Ohio [Mr. LATTA] and help to reduce the deficit, or we accept this bill as it is and add to the deficit another $3½ billion that we are supposed to milk out over there on that conference committee.

There are no ambiguities here, I do not think, no complexities. Just a simple choice: Either support the substitute offered by the gentleman from Ohio [Mr. LATTA] or support rising deficits. Up or down. Yes or no. It is a clean-cut issue. There just is not anything more simple than that.

Mr. GRAY of Pennsylvania. Mr. Chairman, I yield the balance of my time to the distinguished gentleman from Texas [Mr. WRIGHT], the majority leader of the House.

The CHAIRMAN. The gentleman from Texas [Mr. WRIGHT] is recognized for 4½ minutes.

Mr. WATKINS. Mr. Chairman, will the majority leader yield?

Mr. WRIGHT. Yes, Mr. Chairman, I yield to the gentleman from Oklahoma.

Mr. WATKINS. I thank the gentleman for yielding.

Mr. Chairman, I would like to make it very clear to my colleagues on what the Latta amendment would do to rural housing across this Nation.

It would zero out and gut rural housing. There will not be any rural housing. We do not have commercial mortgage lending operations in most of these counties, so I urge my colleagues all across this Nation, if you are concerned about rural housing to vote "no" against the Latta amendment.

Mr. WRIGHT. I thank the gentleman from Oklahoma for pinpointing one of the very good reasons for voting against the Latta amendment, because it does zero out any effort to do anything for rural housing.

In addition to that, it would zero out the language that permits the extension of the FHA Mortgage Insurance Program, something that all of us have enjoyed for 35 years. It would zero it out. It would zero out the Nehemiah Program, which permits poor and low-income Americans in our cities to be able to buy homes and own their own homes and get a piece of the rock and have a feeling that they own a piece of America and become capitalists in a small way of their own. It would zero that out.

Those are some of the things it would do. It would zero out free programs that provide emergency shelter and food for homeless Americans left to drift on this tide of American mobility.

Those are the things that it would cut out. The purpose is not really to save money. Let us not be deceived by that. The Congressional Budget Office makes it abundantly clear that this reconciliation bill without the Latta amendment is fully within the budget figures that this very House adopted. What it does instead is to do what it was attempting to do 4 years ago, and that is to second-guess the committees of the House, come out here on the House floor at the last minute and substitute the judgment of one individual for the judgments of the committees that have been appointed to make these individual choices.

The Committee on Banking, Housing and Urban Development has stayed within its limits. The Budget Reconciliation Act has only the responsibility for dividing among the various committees of the House the various categorical programs that we have highlighted in our budget resolution. Then we have left it up to those committees, under the rules of the House, to make the judgments as to where those individual moneys properly would best be spent.

The gentleman from Ohio has made statements today that it would be a tragedy to come in here at the last minute and use a reconciliation bill for authorization purposes. Yet, I remember 4 years ago when the very same gentleman from Ohio presented a reconciliation amendment. We do not know how many pages long it was because they were unnumbered, but more than 700 pages long, and nobody knew what was in it.

Mr. LATTA. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I do not yield at this point, because I did not ask the gentleman to yield to me. I have only about 2½ minutes left and I have several other points I want to make.

The gentleman full well knows that in that reconciliation amendment he offered that day, nobody knew what was in it and it changed more than 200 regular laws of the House, regular laws of the United States, and it was crammed down our throats in one blind gulp. The gentleman has little bearing when he comes to stand before us and complain about authorizations in these reconciliation bills. We have always had some authorizations in reconciliation bills. That is the purpose of the committee system of the House.

Were it not for that, we could just do away with the committees and invest all the House's responsibility in the Budget Committee alone. I do not think any of us want to do that.

□ 1255

So it is not money and it is not procedure that they are complaining about.

Well, what is it they are complaining about? They are complaining about spending any of this money on these programs that benefit the least fortunate among us, the homeless, the hungry, the people who are trying to grub out a bare living, the working poor, those who would like to own a home, those who would like to be good citizens, those who would like an opportunity to buy a home in the neighborhood of $40,000.

Every time a home cost goes up $1,000, it knocks 100,000 Americans out of the market. And every time the interest rate goes up 1 percentage point, it knocks 300,000 Americans out of the market. It renders that many more people incapable of owning their own homes.

It seems to me that this part of the American dream that we make it possible for the humblest among us to have a decent standard of living, and to own their own home, and a piece of the action in this country, is something that is at stake in this amendment, and I ask us to vote no on the Latta amendment.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from Ohio [Mr. LATTA].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LATTA. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 209, noes 219, not voting 6, as follows:

[Roll No. 370]

AYES—209

Andrews	Gunderson	Pashayan
Archer	Hall, Ralph	Penny
Armey	Hamilton	Petri
Badham	Hammerschmidt	Porter
Barnard	Hansen	Pursell
Bartlett	Hartnett	Quillen
Barton	Hatcher	Ray
Bateman	Hendon	Regula
Bedell	Henry	Ridge
Bentley	Hiler	Ritter
Bereuter	Hillis	Roberts
Bilirakis	Hopkins	Robinson
Bliley	Hunter	Roemer
Boehlert	Hutto	Rogers
Boulter	Hyde	Roth
Broomfield	Ireland	Roukema
Brown (CO)	Jenkins	Rowland (CT)
Broyhill	Johnson	Rowland (GA)
Bruce	Jones (OK)	Rudd
Burton (IN)	Kasich	Saxton
Callahan	Kemp	Schaefer
Campbell	Kindness	Schneider
Carney	Kolbe	Schuette
Carr	Kostmayer	Schulze
Chandler	Kramer	Sensenbrenner
Chapman	Lagomarsino	Sharp
Chappie	Latta	Shaw
Cheney	Leach (IA)	Shelby
Clinger	Leath (TX)	Shumway
Coats	Lent	Shuster
Cobey	Lewis (FL)	Siljander
Coble	Lightfoot	Skeen
Coleman (MO)	Livingston	Slattery
Combest	Loeffler	Slaughter
Coughlin	Lott	Smith (FL)
Courter	Lowery (CA)	Smith (NE)
Craig	Lujan	Smith, Robert (NH)
Crane	Lungren	Smith, Robert (OR)
Daniel	Mack	Snowe
Dannemeyer	MacKay	Snyder
Darden	Madigan	Solomon
Daub	Marlenee	Spence
Davis	Martin (IL)	Stallings
DeLay	Martin (NY)	Stangeland
DeWine	McCain	Stenholm
Dickinson	McCandless	Strang
DioGuardi	McCollum	Stratton
Dornan (CA)	McCurdy	Stump
Dowdy	McDade	Sundquist
Dreier	McEwen	Sweeney
Duncan	McGrath	Swindall
Durbin	McKernan	Tauke
Eckert (NY)	McMillan	Taylor
Edwards (OK)	Meyers	Thomas (CA)
Emerson	Mica	Thomas (GA)
English	Michel	Vander Jagt
Evans (IA)	Miller (OH)	Volkmer
Fawell	Miller (WA)	Vucanovich
Fiedler	Monson	Walker
Fields	Montgomery	Weber
Franklin	Moore	Whitehurst
Frenzel	Moorhead	Whittaker
Gallo	Morrison (WA)	Wortley
Gekas	Mrazek	Wylie
Gingrich	Myers	Yatron
Glickman	Nichols	Young (FL)
Goodling	Nielson	Zschau
Gordon	O'Brien	
Gradison	Olin	
Gregg	Oxley	
Grotberg	Packard	

NOES—219

Ackerman	Boner (TN)	Cooper
Akaka	Bonior (MI)	Coyne
Alexander	Bonker	Crockett
Anderson	Borski	Daschle
Annunzio	Bosco	de la Garza
Anthony	Boucher	Dellums
Applegate	Boxer	Derrick
Aspin	Breaux	Dicks
Atkins	Brooks	Dingell
AuCoin	Bryant	Dixon
Barnes	Burton (CA)	Donnelly
Bates	Bustamante	Dorgan (ND)
Beilenson	Byron	Downey
Bennett	Carper	Dwyer
Berman	Chappell	Dymally
Bevill	Clay	Dyson
Biaggi	Coleman (TX)	Early
Boggs	Collins	Eckart (OH)
Boland	Conte	Edgar
Edwards (CA)	Lehman (CA)	Rose
Erdreich	Lehman (FL)	Rostenkowski
Evans (IL)	Leland	Roybal
Fascell	Levin (MI)	Russo
Fazio	Levine (CA)	Sabo
Feighan	Lewis (CA)	Savage
Fish	Lipinski	Scheuer
Flippo	Lloyd	Schroeder
Florio	Long	Schumer
Foglietta	Lowry (WA)	Seiberling
Foley	Luken	Sikorski
Ford (MI)	Lundine	Sisisky
Ford (TN)	Manton	Skelton
Fowler	Markey	Smith (IA)
Frank	Martinez	Smith (NJ)
Frost	Matsui	Solarz
Fuqua	Mavroules	Spratt
Garcia	Mazzoli	St Germain
Gaydos	McCloskey	Staggers
Gejdenson	McHugh	Stark
Gephardt	McKinney	Stokes
Gibbons	Mikulski	Studds
Gilman	Miller (CA)	Swift
Gonzalez	Mineta	Synar
Gray (IL)	Mitchell	Tallon
Gray (PA)	Moakley	Tauzin
Green	Molinari	Torres
Guarini	Mollohan	Torricelli
Hall (OH)	Moody	Towns
Hawkins	Morrison (CT)	Traficant
Hayes	Murphy	Traxler
Hefner	Murtha	Udall
Heftel	Natcher	Valentine
Hertel	Neal	Vento
Holt	Nowak	Visclosky
Horton	Oakar	Walgren
Howard	Oberstar	Watkins
Hoyer	Obey	Waxman
Hubbard	Ortiz	Weaver
Huckaby	Owens	Weiss
Hughes	Panetta	Wheat
Jacobs	Parris	Whitley
Jeffords	Pease	Whitten
Jones (NC)	Pepper	Williams
Jones (TN)	Perkins	Wilson
Kanjorski	Pickle	Wirth
Kaptur	Price	Wise
Kastenmeier	Rahall	Wolf
Kennelly	Rangel	Wolpe
Kildee	Reid	Wright
Kleczka	Richardson	Wyden
Kolter	Rinaldo	Yates
LaFalce	Rodino	Young (AK)
Lantos	Roe	Young (MO)

NOT VOTING—6

Addabbo	Conyers
Brown (CA)	Nelson
Coelho	Smith, Denny (OR)

□ 1310

The Clerk announced the following pairs:

On this vote:

Mr. Nelson of Florida for, with Mr. Brown of California against.

Mr. Denny Smith for with Mr. Conyers against.

Mr. YATRON changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

POINT OF ORDER

Mr. ROSTENKOWSKI. Mr. Chairman, I raise a point of order against section 3113 of H.R. 3500.

I raise a point of order against section 3113 of H.R. 3500 on the grounds that it is in violation of clause 5(b) of House rule 21 which prohibits legislation carrying a tax or tariff measure from being reported by any committee not having jurisdiction to report tax or tariff measures.

Mr. Chairman, section 3113 of H.R. 3500 attempts to exclude certain interest on the Student Loan Marketing Association from application of Internal Revenue Code section 265. Code section 265 denies an income tax deduction for certain expenses and interest incurred to purchase tax-exempt obligations. Section 3113 of H.R. 3500 deems certain interest of the Student Loan Marketing Association not to come under code section 265.

The allowance or denial of an interest deduction against income taxes is clearly within the jurisdiction of the Committee on Ways and Means.

Mr. Chairman, it is clear that section 3113 is a tax measure and, as such, violates clause 5(b) of rule 21.

The CHAIRMAN. Is there any Member who desires to be heard on the point of order?

The Chair sustains the point of order.

That section is stricken from the bill.

POINT OF ORDER

Mr. ROSTENKOWSKI. Mr. Chairman, I raise a point of order against section 6701 of H.R. 3500.

I raise a point of order against section 6701 of H.R. 3500 on the grounds that it is in violation of clause 5(b) of House rule 21 which prohibits legislation carrying a tax or tariff measure from being reported by any committee not having jurisdiction to report tax or tariff measures.

Mr. Chairman, section 6701 of H.R. 3500 expands the tax benefits available to shipowners through a capital construction fund or CCF. Today, a U.S. citizen owning or leasing one or more eligible vessels may enter into an agreement to establish a CCF with respect to such vessels. The owner may deposit all taxable income from the eligible vessel, depreciation on the vessel, and proceeds from its sale or disposition into the CCF.

For purposes of the Internal Revenue Code, taxable income from the vessel is reduced by the deposits into the fund. Gain from the sale or disposition of the vessel is not taken into account for tax purposes. The fund is tax exempt unless the money is spent for other than a qualified purpose.

Under present law, the eligible vessel for which these tax-deductible deposits can be made must be constructed in the United States and, if reconstructed, reconstructed in the United States. Section 6701 of H.R. 3500 would modify the definition of an eligible vessel so that a CCF could be established for foreign built or reconstructed ships. This would mean that tax deductions would be allowed for income from foreign-built ships deposited in a CCF.

The report language included in the conference report on H.R. 3500 makes it clear that the amendment was intended to allow repatriation of foreign-source income without current U.S. tax. Under present law, the foreign-source income of U.S. taxpayers is taxed when it is repatriated to the United States. By expanding the tax benefits of a CCF, section 6701 overrides that tax rule with regard to CCF deposits.

A second part of section 6701 expands the definition of "qualified vessel" for purposes of CCF. Under present law, funds in a CCF may be spent—still without tax—for the acquisition, construction, or reconstruction of a qualified vessel. To qualify, a vessel must be operated in the U.S. foreign, Great Lakes, or noncontiguous domestic trade, or in the fisheries of the United States Section 6701 expands the definition of qualified vessel so that vessels used in the exploitation of offshore mineral and energy resources would qualify.

The shipowner can continue to exclude from tax the money from the CCF used to purchase the vessel. Again, this is clearly a tax provision.

Mr. Chairman, section 6701 is clearly a tax amendment for all of the reasons I have mentioned. Although these provisions are now contained in the Merchant Marine Act of 1936, these amendments are tantamount to amendments to the Internal Revenue Code.

These sections clearly state that the tax benefits are "for purposes of the Internal Revenue Code."

These provisions are within the jurisdiction of the Committee on Ways and Means.

Clause 5(b) of rule XXI is similar to clause 5(a) of the same rule which allows a point of order to lie against appropriations' measures reported by any committee not having jurisdiction to report appropriations. It is my understanding Mr. Chairman, that under clause 5(a), which has been in the House rules for a much longer period than clause 5(b), the fact that legislation containing an appropriation has from time to time been referred to committees other than Appropriations has not controlled. Those referrals have not conferred upon other committees jurisdiction over appropriations' measures.

Mr. Chairman, clause 5(b) should be construed in a similar fashion to clause 5(a). Referral of tax measures to other committees does not give those committees jurisdiction over those tax measures as far as a point of order under clause 5(b) of rule 21 is concerned.

Mr. Chairman, in addition, I would argue that under the jurisdictional rules of the House of Representatives adopted in 1974, the Committee on Ways and Means has jurisdiction over all tax measures.

Mr. Chairman, I restate that section 6701 of H.R. 3500 is clearly a tax measure which is in violation of clause 5(b) of rule XXI.

□ 1320

The CHAIRMAN. Is there any other Member who desires to be heard on the point of order?

If not, for the reasons stated by the gentleman from Illinois, the point of order is sustained.

The section is stricken from the bill.

AMENDMENT OFFERED BY MR. FAZIO

Mr. FAZIO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offerd by Mr. FAZIO: Strike out subtitle B of title VIII beginning on page 481 line 1 through page 486, line 6.

The CHAIRMAN. Under the rule, the gentleman from California [Mr. FAZIO] will be recognized for 15 minutes, and a Member opposed thereto will be recognized for 15 minutes.

Mr. HOWARD. Mr. Chairman, I am opposed to the amendment.

The CHAIRMAN. The gentleman from New Jersey [Mr. HOWARD] will be recognized for 15 minutes in opposition.

The Chair now recognizes the gentleman from California [Mr. FAZIO].

Mr. FAZIO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first of all let me say this is not the traditional appropriation/public works battle that a number of people tell me they have gotten tired of us having on the floor of the House.

I enjoy laying concrete on runways and on freeways just as much as the people on the Public Works Committee. In fact, I have carried gas tax legislation at the State level. I tend to have a different point of view that comes more as a result of my service on the Budget Committee. I think the issue we are fighting out here today goes much further and is much more basic about how we are going to deal with the continuing struggle to reduce expenditures, particularly as we face the Gramm-Rudman prospect that is in conference right now.

The issue is, why should we single out transportation trust funds for special treatment? Why not Medicare or veterans' insurance, or any of the dozen other large trust funds? Why not take the entire 40 percent of Federal spending that trust funds represent off budget? Are we really ready to do that at this juncture facing Gramm-Rudman? I do not think so. Certainly these provisions will set that precedent. This is not the right vehicle nor is this the right committee to make such a decision. The full ramifications of these provisions ought to be reviewed by a committee of broader jurisdiction, the Committee on Government Operations. You can see from the arguments made by the proponents that their only concern is the

wellbeing of these two transportation programs, nothing else. We ought to make a reasoned decision about all trust funds, not a hasty judgment based on incomplete facts.

At this time I would yield to the chairman of the Committee on the Budget to ask Mr. GRAY what the impact wold be if we were to move all trust funds from the budget process.

Mr. GRAY of Pennsylvania. If the gentleman will yield, if we removed all trust funds off budget, it would mean $306.4 billion in budget authority, $248 billion in outlays would be deducted from the fiscal year 1986 unified budget.

Mr. FAZIO. Clearly, if we were to take that step today that is being asked of us, this first step, we would be setting the kind of precedent that could well lead us in the direction of removing that kind of budgetary control from the hands of Congress at the very time when we are under even more pressure to reduce expenditures?

Mr. GRAY of Pennsylvania. What we would be doing, if you remove the trust funds, would be two things. One, there would be an increase of about $500 million to the deficit. But you would also have to get into the question of the other trust funds as to whether they would be moved off budget as well. That would be a decision I would imagine that would follow in the process.

Mr. FAZIO. I appreciate the comments of the chairman.

With particular focus on transportation alone, let me say that these provisions are going to force additional cuts in the general funded have-not programs.

They are have-nots because they are not guaranteed anything. They do not have trust fund support. Yet they are very important to all of us.

Railroad safety, air traffic control, we have all been focusing on the need to pay more attention in that area; airline maintenance inspection, the problems as a result of deregulation that are very much on the minds of America this year; Coast Guard Service, drug interdiction; Amtrak; repairing the St. Lawrence Seaway, something very important to Members from the upper Midwest; mass transit operating assistance, very fundamental to people representing urban areas. All of these general fund programs, the have-nots will suffer because, as we limit overall transportation spending, these two trust fund accounts continue to grow, thereby pushing down on all the other programs.

In fact, the chairman of the Subcommittee on Aviation, the authorizing committee, Mr. MINETA, sponsored a successful amendment on the appropriations bill just this year to transfer $15 million from the Trust Fund Aviation Procurement Program to the General Fund Airline Inspection Program. We need to continue to have this kind of flexibility for good budgetary control. These programs have a large impact on the economy, and their impact should be considered when we make decisions that affect the total economy. And the President's budget is the primary document we use to base spending and taxing priorities upon. We should not deny Congress the opportunity to scrutinize each and every spending activity on a regular and annual basis.

I want to make clear, this amendment is strongly supported by the administration, by OMB, and by the Comptroller General, a member of the legislative branch, and the GAO.

Mr. PURSELL. Mr. Chairman, will the gentleman yield?

Mr. FAZIO. I would be happy to yield at this time to my friend from Michigan, the gentleman from Michigan [Mr. PURSELL].

Mr. PURSELL. I thank the gentleman for yielding.

Mr. Chairman, I want to congratulate the gentleman for an excellent crafted amendment. It is fundamental, this principle of off-budget and budget constraints in relation to this amendment are very important.

I support the Fazio amendment. I think it should be adopted unanimously today.

I congratulate the gentleman for his effort.

Mr. FAZIO. I appreciate the comments of the gentleman.

Mr. HOWARD. Mr. Chairman, I yield 2½ minutes to the chairman of the Surface Transportation Subcommittee of our committee, the gentleman from California [Mr. ANDERSON].

Mr. ANDERSON. Mr. Chairman, intellectual honesty demands that we reject this amendment. I am convinced that every one of our colleagues who will take the time, read the "Dear Colleagues," listen to the debate, and think objectively, will oppose the amendment.

People pay user taxes into a trust fund because their government has told them they will help pay for improved highway—public transit, and aviation transportation systems. But their money is allowed to sit in a fund so that the same government—and that's each of us—can deceive them into thinking that the deficit is smaller than we all know it to be.

If we cut highway or transit spending by a nickel, we cannot increase domestic spending or defense spending by a nickel. Because transportation funding comes from a trust fund. That's "trust," spelled t-r-u-s-t.

Mr. Chairman, the choice is clear. Let no person say that they didn't know, or that it wasn't made clear. Because although the details and technicalities can be confusing, here is what it boils down to: a vote for this amendment is a vote against better highways and public transit in your district, and it is a vote to continue deceiving our constituents on the magnitude of the deficit and the debt.

This amendment cries out for a "no" vote.

Mr. Chairman, we all know where JIM HOWARD and VIC FAZIO stand on this issue. Let's take a look at what Ronald Reagan thinks about trust fund programs being included in the unified budget.

At a January news conference, the President was asked about the impact that a particular trust fund program—Social Security—has on the budget. The President said:

> That tax is totally dedicated to that one program. If Social Security spending was reduced, you could not take the money saved and use it to fund some other program in the deficit. It would simply go back into the * * * trust fund * * * it is far more profitable * * * to turn to the programs that are really causing the deficit.

President Reagan recognizes the basic principle that trust fund spending has nothing to do with the deficit. Congress has recognized that basic principle with respect to Social Security and that program is being taken off-budget. So, if this body wants to stand by this principle, it will reject the amendment that is before us.

Finally, Mr. Chairman, let me just elaborate on something I heard a moment ago. Transportation trust funds are virtually unique among our Nation's trust funds because they are 100 percent user-paid programs that include antideficiency provisions which guarantee that the funds will operate in the black. That is a very critical distinction between the transportation trust funds and other trust funds, and it is the distinction that makes them worthy of the same treatment as Social Security.

Vote "no" on the Fazio amendment.

Mr. HOWARD. Mr. Chairman, I yield 3 minutes to the distinguished ranking member of the Surface Transportation Subcommittee, the gentleman from Pennsylvania [Mr. SHUSTER].

Mr. SHUSTER. Mr. Chairman, I rise in strong opposition to the Fazio amendment for two reasons. First, as one who has served for 6 years on the Budget Committee, I believe that by defeating the Fazio amendment we will be striking a blow for truth in budgeting. Now, what do I mean by that? I mean this: That the transportation trust funds are dedicated, user-supported funds, dollars which cannot by law be spent for any other purpose than transportation, highway, aviation, and transit construction.

So to mask general fund spending under the guise of limiting transportation trust fund spending really distorts, very clearly distorts, the issue of what the real deficit is in this country. But beyond the issue of truth in budg-

eting, of great significance is the fact that we are not talking here simply about a bookkeeping transaction, we are talking about a very serious limitation which has been imposed on transportation expenditures. As a result of keeping this trust fund under the unified budget, it has created a pressure to reduce the obligational ceilings for transportation spending. Never mind that there are multibillion-dollar surpluses in the transportation trust funds, never mind that those dollars under law must be dedicated to transportation construction; by being under the unified budget there has been pressure to limit the obligations of these expenditures in order to create the false impression that the deficit is not as large as it really is. The impact, and this is not theoretical, the impact on every one of our States as a result of these limitations on their obligations has been, in toto, $6.2 billion. These billions of transportation dollars are languishing in those trust funds, not being spent in your State and in my State, because of the false ceilings placed upon those expenditures.

□ 1335

From Alabama losing $75 million, to Puerto Rico $62 million, to Texas $494 million, every State in America is losing money, losing money that otherwise would be spent to help build better highways, safer highways, saving lives in your States, better airports, better aviation systems and better transit systems. Why? Because of this fictitious ceiling on obligations.

Mr. Chairman, for these reasons, I would urge the defeat of the Fazio amendment.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. SHUSTER] has expired.

Mr. HOWARD. Mr. Chairman, I yield 1 additional minute to the gentleman from Pennsylvania [Mr. SHUSTER].

Mr. HAMMERSCHMIDT. Mr. Chairman, will the gentleman yield?

Mr. SHUSTER. I yield to the gentleman from Arkansas.

Mr. HAMMERSCHMIDT. I commend the gentleman for his statement.

Mr. Chairman, I rise in opposition to this amendment. This amendment would, if adopted, eliminate the provision in the current bill taking the aviation, highway, and mass transit trust funds off-budget.

Airline passengers now have to pay an 8-percent tax when they buy a ticket. Other users of the air transportation system, such as private pilots, also have to pay taxes on the fuel they buy. The money generated from these taxes goes into the airport and airway trust fund. This trust fund is used to improve the air transportation system.

But unfortunately, much of the money in this trust fund is often not spent in the way intended. In fact, currently more than $3 billion has not been spent at all. Instead it is used to make the deficit appear smaller. Of course, since trust fund money cannot be spent for any purpose but aviation, the reduction in the deficit is merely an illusion. The money is not spent for other public purposes or to pay off the national debt. It just sits there in the trust fund and accumulates.

The money just sits there despite many urgent needs in the air transportation system. Air traffic control facilities and equipment need to be modernized in order to enhance the safety and efficiency of the system. Airport improvements need to be made in order to help increase capacity and reduce delays.

This problem would be corrected by H.R. 3500. But approval of this amendment would reverse that. If this amendment is adopted, it is likely that appropriations will remain below needed spending levels. The defeat of this amendment will ensure that the money in the aviation trust fund is actually used for the transportation purposes for which it was established. It is of the greatest importance that we not break faith with the airline passengers and private pilots of this country who have supported this trust fund.

I know that some may say that by taking the trust fund off-budget there will be no assurance that trust fund spending is covered by trust fund receipts. Given the huge surplus in this trust fund, this is not a realistic concern. Nevertheless, it should be noted that this bill contains an antideficit provision that is patterned after the Byrd amendment in the Highway Act. This will ensure that aviation spending programs always operate in the black.

Therefore, I oppose this amendment and urge my colleagues to vote against it.

Mr. SHUSTER. Mr. Chairman, I yield to my friend, the gentleman from Kentucky [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, I, too, want to commend the gentleman for his statement.

Mr. Chairman, I rise in strong opposition to the amendment of the gentleman from California. The Fazio amendment would continue the fraudulent budgetary practice of using large user-financed transportation trust fund balances to create the illusion of a smaller deficit in the general fund. That amounts to breaking faith with those highway and airport users who agreed to pay the taxes that support trust funds on the condition that they be used to improve the Nation's highway, transit, airport, and airway systems.

In fact, these dedicated funds cannot be used for purposes other than transportation as provided by law. Any budget-enforced savings cannot be used to fund other programs, so the money just sits idle, while the needed improvements that highway and airway users paid for are not made.

Reconciliation is the appropriate place to move the highway and aviation trust funds off budget. There is precedent, in that the 1981 reconciliation measure took the general fund-supported strategic petroleum reserve program off budget. Moreover, since the budget process is creating the problem by cutting trust fund programs, it only makes sense to deal with the problem through the budget process itself.

Taking these trust funds off budget will not remove all controls over spending from the fund. Those programs that require appropriations will still require annual appropriations. The Appropriations Committee can still put obligation ceilings in appropriations bills, but it will no longer have the incentive to unduly ratchet down on trust fund programs in order to increase programs funded from the deficit-ridden general fund.

Unlike open-ended entitlement programs, highway, transit capital and aviation spending is limited by authorizing legislation regularly passed in both Houses and signed into law. Furthermore, highways and transit have a built-in antideficit mechanism limiting outlays to income, and the reconciliation bill extends this to aviation.

According to CBO, taking the trust funds off budget will increase the deficit by $580 million in fiscal year 1987 and $50 million in 1988 and decrease the deficit by $80 million in fiscal year 1989 and by $230 million in fiscal year 1990, since in those years the trust funds will be spending out more than they take in so as to draw down their balances. It is my understanding that the Public Works Committee would have no problem in slipping the effective date of the provision from fiscal year 1987 to fiscal year 1989, thereby eliminating any adverse effect on the "paper deficit."

Cutting trust fund construction programs creates special problems due to the slow rate of spendout of these programs. It often takes 6 or 7 years for the full amount of the outlays to pay out, with only 10 to 15 percent paying out in the first year. Therefore, just to achieve the $200 million in outlay savings required by reconciliaton for fiscal year 1986, our committee had to cut the obligational authority of the highway trust fund by $1.2 billion.

We have reached this point after years of frustration and attempts by the Public Works and Transportation Committee to get proper recognition of the uniqueness of these trust funds. The current practice damages our highway, transit, and aviation pro-

grams and it undermines the integrity of the budget process. It must not be allowed to continue. Accordingly, I urge the defeat of the amendment.

Mr. FAZIO. Mr. Chairman, I yield 1 minute to the gentleman from South Carolina [Mr. DERRICK].

Mr. DERRICK. I thank the gentleman for yielding.

Mr. Chairman, I strongly support the Fazio amendment for two reasons. One is that we have no business dealing with this sort of situation on a reconciliation bill. I think, in all fairness, you must ask yourselves, "Why are we doing it here as opposed to doing it through the normal authorization and appropriations process?"

Well, I asked a senior member of that committee why that was so, and they said it was because they could not get it through if they went through the regular channels.

Now, we have no business dealing with it. If they want to bring it down the regular process, let them do it.

The other reason is, here we are, talking about Gramm-Rudman, here we are, talking about balancing the budget, here we are, talking about fiscal responsibility, but in the same breath we are going to take major trust funds out from under the control of Congress, out from under control of the administration, and go home and tell our people that we are fiscally responsible.

I ask you to vote for the Fazio amendment. It is an important vote.

Mr. FAZIO. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. CONTE].

Mr. CONTE. Mr. Chairman, I rise in strong support of the Fazio amendment, which would strike sections 8201 and 8202 from this bill.

These sections, which would take the highway and aviation trust funds off budget, have no business being in this measure in the first place. No comprehensive hearings on this question have been held by either the Public Works Committee or the Committee on Government Operations. And it is especially inappropriate that a reconciliation measure—the enforcement mechanism of the budget process—should be used in this way to further open the spending back door.

What we are doing here is making highway and airport spending—programs that I strongly support, by the way—completely exempt from the budget process. How can we justify that when other trust fund programs like Social Security and Medicare are subject to budgetary controls?

Should highway spending proceed out of control, while we shut down Coast Guard stations and cut back on transit assistance?

Should we build new airport facilities full speed, while we have to cut funds for air traffic controllers and aviation inspectors?

I think not. I think we need to look at transportation as a whole, and proceed with a balanced, national program.

But of greater concern in this bill, is that we need to look at the Federal budget as a whole. We can't single out a few programs for special treatment. We can't make highways and airports exempt from the Budget Act, from Gramm-Rudman, and from any other form of budgetary control in this measure. That represents a misplaced sense of priorities.

Mr. Chairman, if trust funds are to be taken off budget, let them all be considered together. Let us consider that question in the proper manner, when the implications of off-budget trust fund outlays can be seriously considered. But let's not set up a special category of transportation programs to take precedence over every other program in the Federal budget.

I urge my colleagues to support the Fazio amendment.

Mr. HOWARD. Mr. Chairman, I yield 3 minutes to the distinguished chairman of the Aviation Subcommittee, the gentleman from California [Mr. MINETA].

Mr. MINETA. Mr. Chairman, I rise to oppose the amendment offered by my good friend and colleague, the gentleman from California [Mr. FAZIO].

I also served on the Budget Committee for 6 years and, in fact, chaired the Budget Process Task Force, and I have come to the conclusion that as long as the trust fund is part of the budget process, there can be no assurance that needed aviation safety improvements will be funded. The budget process creates irresistible temptations to cut trust fund programs, even though the programs are essential for safety and the users have contributed more than enough in taxes to fund them.

In the last 5 years, as the chair of the Aviation Subcommittee, to prevent this from continuing to happen, I have tried various remedies. I have supported legislation to provide a separate process for capital budgeting at the Federal level, inserted a pay-as-you-go amendment for trust funds in the fiscal year 1985 budget resolution, testified repeatedly before the Ways and Means and Appropriations Committees, and authored legislation to amend the Budget Act to allow trust fund programs to expend what they collect in revenues.

In every instance, at every turn, I have been met repeatedly with the refrain that now is not the time.

Aviation safety pays every time we cut back on spending the revenues sitting in the aviation trust fund. Safety pays the price every time we ignore the users' good faith payment of taxes in expectation of needed safety and capacity improvements. Safety pays every time we falsely use the aviation trust fund to offset the general fund's deficit. Furthermore, these dedicated revenues cannot be used for any other purpose, no matter how worthwhile.

The only way to prevent safety from continuing to pay is to take the trust fund programs off budget. This would not change the yearly appropriations process and an antideficit provision would limit expenditures to what is collected in revenues. The only vote to assure aviation safety is a "no" on the Fazio amendment.

Mr. FAZIO. Mr. Chairman, I yield 2 minutes to the gentlewoman from California [Ms. FIEDLER].

Ms. FIEDLER. Mr. Chairman, I rise in strong support of the Fazio amendment.

Can anyone imagine that the decisionmaking process will improve if these programs are taken off budget? No one can possibly believe that. And does anyone believe that the Federal Government will collect money in these trust funds and not spend it? I wish. The taxpayers wish. That is not going to happen. You know it.

Nearly 40 percent of all Federal spending is in the form of trust funds. Now, if we take these trust funds off budget, why not take the rest off budget? In fact, with that kind of thinking, these are those who would propose to take the budget off budget and then we do not have to worry about our deficit. Rediculous.

It was implied a couple of moments ago that President Reagan supported the concept of taking the trust fund off budget. Let me read just briefly just one line from the letter of the Director of OMB, representing this President and his administration. It says:

I would like to take this opportunity to express the administration's opposition to the proposals included in H.R. 3500, the House reconciliation bill, to move the Highway and Airport and Airways Trust Fund off budget.

Specifically stated, just a few weeks ago, on October 15, the President opposes this effort.

Also, there was a statement made in the Washington Post, and I think it is worth quoting, as well. The Washington Post, today, in an editorial headed, "Splitsville," says:

The House is scheduled to take up the idea today—

And they are referencing the removal of these trust funds from on budget—

and should junk it for all time.

Now, what we are seeing here is a giant shell game. The question is: Do the people of this country have a right to have access and information to what is taking place in the various trust funds that are under the authority of the Federal Government? Or do they simply pull it off budget, take it away from the ordinary budget proc-

ess and let those people who want to have authority over it spend at their will?

We should strongly support the Fazio amendment and keep the trust funds on budget, and under the scrutiny of the Congress.

Mr. HOWARD. Mr. Chairman, I yield 15 seconds to the gentleman from Pennsylvania [Mr. SHUSTER].

Mr. SHUSTER. I thank my friend for yielding.

Mr. Chairman, a lot of misinformation is being passed around this Chamber. Members I hope understand that the transportation trust funds are the only trust funds which are funded by user fees. Therefore, people already have been singled out to pay these user fees. So it is appropriate that these funds be dedicated and spent only for transportation.

Mr. HOWARD. Mr. Chairman, I yield 45 seconds to the gentleman from Pennsylvania [Mr. CLINGER].

Mr. CLINGER. Mr. Chairman, I would like to respond to a few of the misconceptions and exaggerations that have been stated here on the floor suggesting that there would be unrestrained spending, that there would be no control whatever if these programs are taken off budget.

I would suggest that these programs are now and will continue to be subject to adequate budget security. First, these programs are deficit proof. We cannot increase funding for those programs beyond what the trust funds have in them unless we raise taxes, which is not likely.

Second, they are not entitlement programs. Every penny of new budget authority must be approved by the Congress either in the form of the contract authority in authorization bills or appropriations in appropriations bills. So there is no suggestion here that these are entitlement programs.

And, third, we anticipate that the annual obligation ceilings will continue to be set in both authorizing bills and appropriation bills. These are going to be subject to continual oversight by the Congress.

Mr. HOWARD. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. SHAW].

Mr. SHAW. I thank the chairman for yielding.

Mr. Chairman, I think what is really involved here is the basic trust, the commitment that we as Members of Congress have made from time to time when these taxes were imposed. They are users fees. They are fees that are earmarked specifically for a specific purpose and they are not to be used or mingled with the general fund of the U.S. Government, nor should we allow them to be mingled in our budgetary process.

It would be the same situation if a lawyer would take a trust fund which is made up of his client's money and put it on his personal financial sheet before he submits that to the bank to show them what it is worth.

What we are talking about is the snapshot of the Federal Government budget and whether or not it is correct or incorrect, and to have money that is being held in a trust fund such as this and to mingle it with the rest of the general fund as far as the budgetary process is clearly wrong.

In my own State of Florida, there are some $200 million that we are being delayed because of this process. In California alone, I understand, there are $600 million.

We need these highways. These highways save lives. These highways mean business for America.

Mr. HOWARD. Mr. Chairman, I yield 1½ minutes to the gentleman from Texas [Mr. DELAY].

□ 1350

Mr. DELAY. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong opposition to the amendment of the gentleman from California.

The gentleman from South Carolina [Mr. DERRICK] is dead wrong when he leads you to believe these programs are uncontrolled.

The gentleman would have us continue to subject our deficit-proof transportation trust funds to unified budget controls, and that is an entirely unnecessary exercise. These programs are already subject to many controls.

They are, first of all, authorized just like any other program. Even though these authorizations carry contract authority, they are typically in multiyear legislation, which contains a revenue title originating in the Ways and Means Committee. Therefore, both committees review carefully any program authorizations. These authorizations must then be voted on in each House under an open rule and signed into law like any other authorization.

In addition, the highway and mass transit programs are subject to the Byrd amendment limitation on apportionments, and the Public Works Committee's reconciliation submission would extend an antideficit mechanism similar to the Byrd amendment to the Airport and Airway Trust Fund. I might add also that the Byrd amendment is not unlike the Gramm-Rudman balanced budget amendment which recently passed the Senate.

Since both the highway and aviation programs cannot spend more than they take in, they operate under a de facto balanced budget. If other Federal programs operated in this manner, we would have a balanced Federal budget.

Thus, with the authorization-revenue review and the Byrd limitation on apportionments, these transportation trust funds further demonstrate their uniqueness. Since they are subject to more control than nontrust fund general revenue programs, it hardly makes sense to combine them with those programs that do run deficits under the unified budget.

For this and many other valid reasons, the gentleman's amendment should be defeated, and I, therefore, urge my colleagues to vote for its defeat.

Mr. FAZIO. Mr. Chairman, may I inquire how much time is remaining?

The CHAIRMAN. The Chair will state that the gentleman from California [Mr. FAZIO] has 5 minutes remaining and the gentleman from New Jersey [Mr. HOWARD] has 3 minutes remaining.

Mr. FAZIO. I thank the Chair.

Mr. Chairman, I yield 1 minute to the gentleman from Pennsylvania [Mr. COUGHLIN].

Mr. COUGHLIN. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the Fazio amendment to H.R. 3500, the Omnibus Budget Reconciliation Act of 1985, which would strike the provisions to take the highway and aviation trust funds off budget. Sections 8201 and 8202 would remove highway and aviation trust fund receipts and expenditures from the unified budget. This would effectively decontrol nearly $20 billion of spending. Such a move is fiscally irresponsible and bad public policy.

Unified budget controls are necessary. The 1967 President's Commission on Budget Concepts, 1973 Joint Study Committee on Budget Control, 1984 House Rules Committee Task Force on the Budget Process, the Office of Management, and Budget, and the Department of Transportation all support keeping trust funds on budget. The unified budget was established in response to widespread dissatisfaction about confusing and disjointed budget practices; we will be returning to these days if the Fazio amendment is not adopted.

It is entirely appropriate for trust funds to be included in a unified budget. In our "Dear Colleague" letter of October 22, 1984, Transportation Appropriations Chairman BILL LEHMAN and I pointed out that by taking the highway and aviation trust funds off budget, the Federal budget would be divided into two categories—the protected "haves" and the vulnerable "have nots." The "haves," such as highway and aviation, would enjoy unrestrained spending. The "have nots," such as elderly nutrition, Pell grants, cancer research, school lunch program, agriculture programs, or the WIC Program, would have to compete for limited funds—not only bearing their fair share of any spending reductions, but absorbing additional cuts to

compensate for the held harmless off budget programs.

Of direct concern is the competition which would be generated among transportation programs and modes should the highway and aviation trust funds go off budget. Further cuts would be borne by general fund funded programs. If you support air traffic controllers, Coast Guard drug interdiction, Amtrak, mass transit operating assistance, or drunk driving public education, vote "yea" on the Fazio amendment.

You have seen a "Dear Colleague" from our distinguished colleague on the Public Works Committee, Mr. MINETA of California, which says "the only way to prevent—aviation—safety from continuing to pay is to take the trust funds programs off budget." I might point out that when the fiscal year 1986 transportation appropriations bill was considered by the House on September 12, 1985, it was that very Member who offered a successful floor amendment to take aviation trust funds money and put it in the general operations account for increased safety inspectors. This could not have been done if trust funds were off budget.

You may have heard that obligation limitations have distorted trust fund programs by preventing full spending. This is not the case. The Federal Aviation Administration is holding $1.6 billion in unobligated funds. Thirty percent of their national airspace system [NAS] plan programs are behind schedule. This is due, not to a lack of funds, but to poor management. It has been said that off-budget trust funds will free billions for highways and, thereby, create new jobs. According to the Congressional Budget Office, the highway trust fund will go broke in 1988. There will not be enough revenue for it to continue as authorized. Either taxes will be increased, spending reduced, or both. The location of this trust fund, on or off budget, makes no difference. In fact, the highway trust fund is better off if it is left on budget due to the added measure of control this gives the Congress.

Reconciliation is an inappropriate place to take the highway and aviation trust funds off budget. Reconciliation is supposed to be used to achieve spending and revenue targets of the budget resolution—not enact new legislation which would reduce Congress' ability to limit Federal spending. Sections 8201 and 8202 will trigger further requests to take other pet programs off budget. We should vote for the Fazio amendment which strikes this unwise and nongermane attempt to weaken congressional control over Federal spending.

Mr. FAZIO. Mr. Chairman, I yield 1 minute to the gentleman from Michigan [Mr. CARR].

Mr. CARR. I thank the gentleman for yielding me this time.

Mr. Chairman, I just want to take my time to respond to my good friend, the gentleman from California [Mr. MINETA].

No one has done more for aviation in this country than he has, but when the gentleman equates this vote as a vote on aviation safety, I must respectfully submit that he is wrong. Aviation safety in this country is paid for, in part, out of the trust funds, and the part that is paid for out of the trust funds is largely the hardware and the real estate portion for airways development and runways and NAVAIDS.

But there is a bigger piece of the aviation safety budget that comes from general funding, and that is the air traffic controllers; the numbers of slots, the amount of salaries they have. The fact of the matter is if we take only a piece of aviation safety off budget we are going to absolutely unbalance the aviation safety in this country. I think that we ought to pass the Fazio amendment and keep transportation as a whole.

I urge support for the Fazio amendment.

Mr. FAZIO. Mr. Chairman, I yield 1 minute to the gentleman from Minnesota [Mr. SABO].

Mr. SABO. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the Fazio amendment. It makes no sense to take these trust funds off the unified budget. Let us make it clear that if there are obligation limits, so these trust funds do not spend all the money that is available, the money does not go anyplace else. It stays in the trust funds for future use.

On the other hand, on a year-by-year basis, it clearly sets up certain preferential types of expenditures. In transit, some of the funding is from trust fund; some is from general revenue. The job of the Congress is to try and balance those two expenditures. With the passage of this amendment, it clearly puts all the weight of maintaining the trust fund, decreasing the general revenue fund, which includes such thing as the formula distribution, which includes the operating subsidies for transit in this country. I think it is very important for good policy and also for good budgetmaking to pass the Fazio amendment.

Mr. FAZIO. Mr. Chairman, I yield 1 minute to the gentleman from Florida [Mr. LEHMAN].

Mr. LEHMAN of Florida. I thank the gentleman for yielding me this time.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from California [Mr. FAZIO]. This amendment would strike sections 8201 and 8202 from the bill.

These sections, if enacted, would set major new lopsided budget policy for this country—and should be carefully reviewed by committees with broader jurisdiction before being passed by this body.

Our highway, subway, and airport construction programs are important, but they certainly do not rate the same or have higher priority than Social Security, which is still on budget. And they certainly do not outrank Medicare, black lung, Superfund, and other trust-funded programs that will remain on budget—and that, in these times of high deficits, would have to be cut further to compensate for the nearly $20 billion in yearly transportation trust fund expenditures that would be taken out of the competition.

If Congress wants to gut the unified budget, so be it. But such action has serious repercussions that should be carefully considered. It should not be done in a piecemeal and backdoor fashion such as this, by a committee with its own budget perspective and a parochial interest in the outcome.

I am particularly concerned about the harmful effect these provisions will have on nontrust fund transportation programs. These programs have already taken their fair share of necessary reductions, and we are particularly concerned about any device that would place the entire burden of future Gramm-Rudman or other budget cuts on general-funded program, which often have broader national priority.

If you support such general-funded activities as: air traffic controllers, airline and other safety inspectors, Coast Guard drug interdiction, Amtrak, mass transit operating assistance, rural transit, and hazardous materials and rail safety enforcement—you should vote for the Fazio amendment.

I urge an "aye" vote on the amendment.

Mr. FAZIO. Mr. Chairman, I will conclude the debate for this side, and yield myself such time as I may consume.

I think it is evident that there are many points of view on a very crucial matter, and we have had 30 minutes on a reconciliation bill that was not meant to deal with this question at all, to deal with this fundamental issue. It clearly is in need of the kind of attention that the normal legislative process, through the Government Operations Committee, would bring.

Fundamentally, we cannot allow ourselves to fail the test of including all of the interests in this country in the process of deficit reduction. If we vote today to take these funds off budget, we will be sending the exact wrong signal as we confront the very difficult choice we are going to have to be making on Gramm-Rudman, and on

all subsequent budget matters that we have to face over the next several years under any scenario if we are to get a handle on our budget deficit.

It is not that we do not want to build airports and highways; it is simply that we do not want an unbalanced transportation program that means that the have-nots in the general fund category that provide very important transportation services to this country will not get their share of attention.

Everyone ought to participate in the cuts, and everyone ought to feel them. I ask for the defeat of this proposal by the Public Works Committee and support for this amendment.

Mr. HOWARD. Mr. Chairman, I yield such time as he may consume to the gentleman from Utah [Mr. MONSON].

Mr. MONSON. I thank the gentleman for yielding time to me.

Mr. Chairman, I rise in opposition to this amendment.

As a CPA, one of the biggest problems I face is getting good information on where we are in our financial position. By rejecting this amendment we have an opportunity to correct one thing that would better allow us to get a handle on Government finances.

The highway and aviation trust funds should not be included in the budget. This action will not really add to or reduce the deficit. In fact these funds should not even be included in figuring the deficit. All that inclusion does is distort what we think the deficit is. It may lead us to think we are better off than we are. Some future time may produce just the opposite effect. It should produce neither effect but should be left to work independently to accomplish the purpose the fund was established for.

We do not lose control by doing this. Congress will still authorize the uses of this fund. We will still have oversight of these funds.

Moving these funds off budget will also allow quicker access to them by the States, for whom we collected them in the first place. This is our chance to get the highway and aviation work done that is needed.

It's time to quit playing games with the budget. It's time to quit using the phony numbers that this kind of accounting creates. By voting no, we can get a better handle on where we really are without losing any budgetary control. I strongly urge a no vote on this amendment.

Mr. HOWARD. Mr. Chairman, I yield myself the remaining time.

Mr. Chairman, I would first like to state on behalf of the chairman of the Committee on Rules, the gentleman from Florida [Mr. PEPPER] who is busy with his committee and not on the floor at this time, that he is in strong opposition to the Fazio amendment, feeling that fairness dictates that money collected from the taxpayers for a specific purpose ought to be available to be used for that specific purpose.

Also I would like to state on the comment that taking these trust funds off budget either that they do not qualify or that a great number of other trust funds might come off budget, I would just like to state that there are only three trust funds in the Federal Government that qualify for the exemption under the Budget Act because they derive over 90 percent, in fact, 100 percent of their revenues from user taxes. That is the aviation trust fund, the highway trust fund and the mass transit trust fund account in that, along with the boating safety trust funds. So, I hope that we will not be having that as an argument any more.

Mr. Chairman, I rise in strong opposition to this amendment.

The proponents of this amendment would have you believe that taking the trust funds off-budget adds to the deficit. The truth is these funds are deficitproof, by law.

The proponents would have you believe that we're victimizing the elderly, the sick and the poor by removing these funds from the unified budget. The simple truth is that these dedicated funds cannot be used for those purposes, no matter how worthwhile they are.

The proponents are saying the reconciliation bill is not the proper vehicle for the trust fund provision. The fact is the committee's provision is completely consistent with the purposes of the budget resolution, is based on ample precedent, is germane to the committee's instructions, and is consistent with procedural exemptions of the Budget Act.

The proponents contend that taking the trust funds off budget removes Congress' ability to control trust fund spending. The facts are that the rules of the House remain unchanged and spending controls may still be imposed on these programs, by the Appropriations Committee.

The proponents say the committee provision increases spending when in fact the committee provision adds no new programs nor does it add a penny of additional spending over the next 3 years. In fact, it makes substantial cuts.

Finally, Mr. Chairman, the proponents say we're irresponsible in our efforts to insure that transportation users receive a fair return on their investment and for informing the public of the bogus bookkeeping being practiced to cover up the real deficits this country is running. The truth is it would be irresponsible not to do so.

Mr. Chairman, this amendment is supported by too many distortions and far too much misinformation and must be defeated. I strongly urge a "no" vote.

Mr. LIGHTFOOT. Mr. Chairman, as a member of the Committee of Public Works and Transportation, I rise in opposition to the Fazio amendment.

The highway, aviation, and mass transit funds are generated by taxes on gasoline, airline tickets, and aviation fuel paid in good faith by the citizens who use the Nation's transportation system. Projections of the income from these taxes are made and limits put in place before the money is spent, not afterward, as is so often the case around here. Therefore, spending from these funds does not and cannot add to the Federal deficit.

The users of our highways and airways put this money in our trust with the understanding that they will be spent for their designated purpose—the improvement of our highways, airways, transit systems. To use one penny of these funds to offset the deficit of the general fund is being dishonest to the American taxpayer, and it undermines the integrity of the user fee concept. We should put an end to this dishonesty, and start treating these funds with the respect they deserve.

I therefore urge my colleagues to oppose the Fazio amendment.

□ 1400

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. HOWARD] has expired.

All time has expired.

The question is on the amendment offered by the gentleman from California [Mr. FAZIO].

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. FAZIO. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 222, noes 205, not voting 7, as follows:

[Roll No. 371]

AYES—222

Ackerman	Coleman (TX)	Fazio
Akaka	Collins	Feighan
Anthony	Conte	Fiedler
Aspin	Cooper	Flippo
AuCoin	Coughlin	Foley
Barnes	Courter	Ford (TN)
Barton	Coyne	Fowler
Bates	Craig	Frank
Bedell	Crockett	Franklin
Bellenson	Daniel	Frenzel
Bennett	Davis	Fuqua
Bereuter	de la Garza	Garcia
Berman	Dellums	Gejdenson
Bevill	Derrick	Gephardt
Boggs	DeWine	Gibbons
Boland	Dickinson	Gordon
Boner (TN)	Dicks	Gradison
Bonior (MI)	Dingell	Gray (PA)
Boucher	Dixon	Green
Brooks	Dorgan (ND)	Gregg
Broomfield	Durbin	Hamilton
Brown (CO)	Dwyer	Hatcher
Bruce	Dyson	Hayes
Bryant	Early	Hefner
Carper	Eckart (OH)	Heftel
Carr	Edwards (CA)	Henry
Chappell	Edwards (OK)	Hertel
Cheney	Erdreich	Hiler
Clay	Evans (IL)	Holt
Coats	Fascell	Hopkins

Hoyer	McKernan	Sensenbrenner
Hubbard	McKinney	Sharp
Hughes	Meyers	Shelby
Hunter	Mica	Sikorski
Hutto	Mikulski	Skeen
Hyde	Miller (CA)	Slattery
Jeffords	Miller (WA)	Smith (FL)
Jenkins	Moakley	Smith (NE)
Jones (OK)	Montgomery	Smith, Robert (NH)
Kaptur	Moore	
Kasich	Morrison (CT)	Snowe
Kastenmeier	Mrazek	Solarz
Kemp	Murtha	Spratt
Kennelly	Myers	Stallings
Kildee	Natcher	Stark
Kindness	Neal	Stenholm
Kolbe	Nichols	Stokes
Kostmayer	Nielson	Strang
Kramer	O'Brien	Stratton
LaFalce	Obey	Studds
Leach (IA)	Olin	Stump
Leath (TX)	Owens	Swift
Lehman (FL)	Panetta	Synar
Leland	Parris	Tauzin
Lent	Pease	Traxler
Levin (MI)	Penny	Vento
Levine (CA)	Pickle	Visclosky
Livingston	Porter	Walgren
Lloyd	Pursell	Watkins
Lott	Rangel	Waxman
Lowery (CA)	Regula	Weaver
Lowry (WA)	Richardson	Weiss
Lujan	Ridge	Wheat
Lundine	Roberts	Whitten
Lungren	Roemer	Wilson
Mack	Rogers	Wirth
MacKay	Roukema	Wolf
Markey	Rudd	Wolpe
Matsui	Sabo	Wyden
Mazzoli	Saxton	Yates
McCain	Schaefer	Yatron
McCloskey	Scheuer	Young (FL)
McCollum	Schroeder	Zschau
McDade	Schumer	
McHugh	Seiberling	

NOES—205

Alexander	Downey	Lantos
Anderson	Dreier	Latta
Andrews	Duncan	Lehman (CA)
Annunzio	Dymally	Lewis (CA)
Applegate	Eckert (NY)	Lewis (FL)
Archer	Edgar	Lightfoot
Armey	Emerson	Lipinski
Atkins	English	Loeffler
Badham	Evans (IA)	Long
Barnard	Fawell	Luken
Bartlett	Fields	Madigan
Bateman	Fish	Manton
Bentley	Florio	Marlenee
Biliirakis	Foglietta	Martin (IL)
Bliley	Ford (MI)	Martin (NY)
Boehlert	Frost	Martinez
Bonker	Gallo	Mavroules
Borski	Gaydos	McCandless
Bosco	Gekas	McCurdy
Boulter	Gilman	McEwen
Boxer	Gingrich	McGrath
Breaux	Glickman	McMillan
Broyhill	Gonzalez	Michel
Burton (CA)	Goodling	Miller (OH)
Burton (IN)	Gray (IL)	Mineta
Bustamante	Grotberg	Mitchell
Byron	Guarini	Molinari
Callahan	Gunderson	Mollohan
Campbell	Hall (OH)	Monson
Carney	Hall, Ralph	Moody
Chandler	Hammerschmidt	Moorhead
Chapman	Hansen	Morrison (WA)
Chappie	Hartnett	Murphy
Clinger	Hawkins	Nowak
Cobey	Hendon	Oakar
Coble	Hillis	Oberstar
Coleman (MO)	Horton	Ortiz
Combest	Howard	Oxley
Crane	Huckaby	Packard
Dannemeyer	Ireland	Pashayan
Darden	Jacobs	Pepper
Daschle	Johnson	Perkins
Daub	Jones (NC)	Petri
DeLay	Jones (TN)	Price
DioGuardi	Kanjorski	Quillen
Donnelly	Kleczka	Rahall
Dornan (CA)	Kolter	Ray
Dowdy	Lagomarsino	Reid
Rinaldo	Skelton	Torricelli
Ritter	Slaughter	Towns
Robinson	Smith (IA)	Traficant
Rodino	Smith (NJ)	Udall
Roe	Smith, Robert (OR)	Valentine
Rose		Vander Jagt
Rostenkowski	Snyder	Volkmer
Roth	Solomon	Vucanovich
Rowland (CT)	Spence	Walker
Rowland (GA)	St Germain	Weber
Roybal	Staggers	Whitehurst
Russo	Stangeland	Whitley
Savage	Sundquist	Whittaker
Schneider	Sweeney	Williams
Schuette	Swindall	Wise
Schulze	Tallon	Wortley
Shaw	Tauke	Wright
Shumway	Taylor	Wylie
Shuster	Thomas (CA)	Young (AK)
Siljander	Thomas (GA)	Young (MO)
Sisisky	Torres	

NOT VOTING—7

Addabbo	Coelho	Smith, Denny (OR)
Biaggi	Conyers	
Brown (CA)	Nelson	

□ 1410

Messrs. DOWNEY of New York, FOGLIETTA, DOWDY of Mississippi, and SWEENEY changed their votes from "aye" to "no."

Mr. McCAIN, Mr. RANGEL, Ms. KAPTUR, Mr. HYDE, Ms. MIKULSKI, and Mr. RUDD changed their votes from "no" to "aye."

So the amendment was agreed to.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. BIAGGI. Mr. Chairman, I missed the last vote. I was inadvertently delayed. If I were present, I would have voted "no" on the last amendment.

AMENDMENT OFFERED BY MR. FLORIO

Mr. FLORIO. Mr. Chairman, I offer an amendment which was printed in the CONGRESSIONAL RECORD on October 17, 1985, pursuant to the rule.

The Clerk read as follows:

Amendment offered by Mr. FLORIO: Page 412, after line 16, insert the following new subtitle:

Subtitle H—Amtrak

SEC. 4801. AUTHORIZATION OF APPROPRIATIONS.

(a) AUTHORIZATION.—Section 601(b)(2) of the Rail Passenger Service Act (45 U.S.C. 601(b)(2)) is amended—

(1) in subparagraph (A) by striking out "and" after "403(b) of this Act;";

(2) in subparagraph (B) by striking out the period and inserting in lieu thereof "; and"; and

(3) by adding at the end the following new subparagraphs:

"(C) not to exceed $603,500,000 for the fiscal year ending September 30, 1986.".

(b) LIMITATION.—Such section 601(b) is further amended by adding at the end a new paragraph as follows:

"(5) Unless sufficient funds are otherwise available to operate the Corporation's rail system at substantially the same level of service, maintenance, and equipment overhauls in effect on the date of the enactment of this paragraph, funds appropriated to or for the benefit of the Corporation under this section before the date of the enactment of this paragraph which the Corporation has designated for nonoperational capital projects shall be used as necessary to maintain the operations of the system at such level.".

SEC. 4802. STUDY COMMISSION.

(a) ESTABLISHMENT.—There is established a commission to be known as the National Railroad Passenger Corporation Financial Status Commission (hereafter in this subtitle referred to as the "Commission").

(b) PURPOSE OF COMMISSION.—The purpose of Commission is to study—

(1) the ability of the National Railroad Passenger Corporation (hereafter in this subtitle referred to as "Amtrak") to continue to improve, or to accelerate the improvement of, its financial performance;

(2) the short-term and long-term capital needs of Amtrak; and

(3) alternative funding mechanisms for Amtrak.

(c) MEMBERSHIP.—

(1) NUMBER AND APPOINTMENT.—The Commission shall be composed of seventeen members as follows:

(A) Two State legislators appointed by the National Conference of State Legislators, one from the area comprised of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, and one from outside such area.

(B) Two members of the National Association of Railroad Passengers appointed by the President of such Association; one who lives in the area comprised of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, and one who lives outside such area.

(C) A Member of the United States Senate appointed by the President pro tempore of the Senate.

(D) A Member of the United States House of Representatives appointed by the Speaker of the House.

(E) A State transportation official from a State financially participating in the program established under section 403(b) of the Rail Passenger Service Act, appointed by the Executive Director of the National Conference of State Railway Officials (NCSRO).

(F) A State transportation official from a State not participating in the program established under section 403(b) of the Rail Passenger Service Act, appointed by the Executive Director of the National Conference of State Railway Officials (NCSRO).

(G) A representative of the Department of Transportation designated by the Secretary of Transportation.

(H) A person appointed by the Railroad Labor Executives Association.

(I) A representative of freight railroads appointed by the Association of American Railroads or its successor.

(J) Two commuter authorities, as such term is defined for purposes of the Rail Passenger Service Act, appointed by the American Public Transit Association; one that operates exclusively within the area comprised of Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia and one that operates exclusively outside such area.

(K) A person from the private sector, appointed by the President, with no financial interest in Amtrak or any competing mode of transportation.

(L) A representative of the passenger bus industry appointed by the President.

(M) A representative of Amtrak appointed by the President of Amtrak.

(N) A representative of the Office of Management and Budget appointed by the Director of such Office.

(2) SELECTION.—The members of the Commission shall be selected in accordance with paragraph (1) within sixty days after the date of enactment of this Act.

(3) EXPENSES.—Members of the Commission shall each be reimbursed actual expenses incurred in the actual performance of duties vested in the Commission.

(4) QUORUM.—Nine members of the Commission shall constitute a quorum, but a lesser number may hold hearings.

(5) CHAIRMAN.—The Chairman of the Commission shall be elected by the members of the Commission from among such members.

(6) ORGANIZATION MEETING.—The members of the Commission shall hold their first meeting for the purpose of organizing the Commission and electing a Chairman under paragraph (4) within ninety days after the date of enactment of this Act.

(7) All meetings of the Commission shall be open to the public.

(d) STAFF OF COMMISSION.—

(1) STAFF.—Subject to such rules as may be prescribed by the Commission, the Chairman may appoint such personnel as the Chairman considers appropriate.

(2) APPLICABILITY OF CERTAIN CIVIL SERVICE LAWS.—The staff of the Commission shall be appointed subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and shall be paid in accordance with the provisions of chapter 51 and subchapter III of chapter 53 of such title relating to classification and General Schedule pay rates.

(3) EXPERTS AND CONSULTANTS.—Subject to such rules as may be prescribed by the Commission, the Chairman may procure temporary and intermittent service under section 3109(b) of title 5, United States Code.

(4) STAFF OF FEDERAL AGENCIES.—Upon request of the Commission, the head of any Federal agency is authorized to detail, on a reimbursable basis, any of the personnel of such agency to the Commission to assist the Commission in carrying out its duties under this subtitle.

(e) POWERS OF COMMISSION.—

(1) HEARINGS AND SESSIONS.—The Commission, or, if so authorized by the Commission, any three members of the Commission, may, for the purpose of carrying out this subtitle, hold such hearings, sit and act at such times and places, take such testimony, and receive such evidence, as the Commission considers appropriate. The Commission may administer oaths or affirmations to witnesses appearing before it.

(2) OBTAINING OFFICIAL DATA.—The Commission may secure directly from any department or agency of the United States information necessary to enable it to carry out this subtitle. Upon request of the Chairman of the Commission, the head of such department or agency shall furnish such information to the Commission.

(3) MAILS.—The Commission may use the United States mails in the same manner and under the same conditions as other departments and agencies of the United States.

(4) ADMINISTRATIVE SUPPORT SERVICES.—The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

(f) REPORT.—The Commission shall transmit to the Congress a report not later than March 30, 1986. The report shall contain a detailed statement of the findings and conclusions of the Commission, together with its recommendations for such legislation as it considers appropriate.

(g) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated for the purpose of carrying out this section not to exceed $1,000,000 for the fiscal year ending September 30, 1986, to remain available until expended.

SEC. 4803. CAPITAL ASSETS.

Section 304(c) of the Rail Passenger Service Act (45 U.S.C. 544(c)) is amended by adding at the end thereof the following new paragraph:

"(3) The preferred stock issued pursuant to paragraphs (1) and (2) of this subsection shall be deemed to have been issued as of the date of receipt by the Corporation of the funds for which such stock is issued.".

SEC. 4804. GOVERNMENT TRAVEL.

Section 306(f) of the Rail Passenger Service Act (45 U.S.C. 546(f)) is amended by inserting ", which shall include allowing the Corporation to participate in the contract air program administered by the General Services Administration in markets where service provided by the Corporation is competitive as to rates and total trip times" before the period.

SEC. 4805. REPORT CONSOLIDATION.

Section 308(a) of the Rail Passenger Service Act (45 U.S.C. 548(a)) is amended to read as follows:

"(a) The Corporation shall submit to the Congress a report not later than February 15 of each year. The report shall include, for each route on which the Corporation operated intercity rail passenger service during the preceding fiscal year, data on ridership, passenger miles, short-term avoidable profit or loss per passenger mile, revenue-to-cost ratio, revenues, the Federal subsidy, the non-Federal subsidy, and on-time performance.".

SEC. 4806. CHARTER TRAINS.

Section 402 of the Rail Passenger Service Act (45 U.S.C. 562) is amended:

(1) by repealing subsection (g); and

(2) by redesignating subsection (h) as subsection (g).

SEC. 4807. MISCELLANEOUS AMENDMENTS.

(a) AUDITS.—Section 805 of the Rail Passenger Service Act (45 U.S.C. 644) is amended:

(1) in subsection (2)(A) by striking out "shall conduct annually a" in the first sentence and inserting in lieu thereof "may conduct"; and

(2) in subsection (2)(A) and (2)(B) by striking "audit" wherever it appears and inserting in lieu thereof "audits".

(b) REPEAL OF STUDIES AND REPORTS.—Sections 306(k), 806, 810, and 811 of the Rail Passenger Service Act (45 U.S.C. 546(k), 645, 649, and 650) are repealed.

(c) EMERGENCY ASSISTANCE.—Title VII of the Rail Passenger Service Act (45 U.S.C. 621 and 622) is repealed.

(d) NORTHEAST CORRIDOR REPORTS.—Section 703(1)(D) of the Railroad Revitalization and Regulatory Reform Act of 1976 (45 U.S.C. 853(1)(D)) is repealed, effective October 1, 1986.

(e) PERFORMANCE EVALUATION CENTER.—Section 305(1) of the Rail Passenger Service Act (45 U.S.C. 545(1)) is repealed.

SEC. 4808. REVENUE-COST RATIO.

Section 404(c)(4)(A) of the Rail Passenger Service Act (45 U.S.C. 564(c)(4)(a)) is amended by adding at the end the following new sentence: "Commencing in fiscal year 1986, the Corporation shall set a goal of recovering an amount sufficient that the ratio of its revenues, including contributions from States, agencies, and other persons, to costs, excluding capital costs, shall be at least 61 percent.

SEC. 4809. LABOR-RELATED COST SAVINGS.

Amtrak and the representatives of employees of Amtrak shall negotiate changes in existing agreements between such parties that will result in substantial cost savings to Amtrak, and shall report the results of such negotiations to the Congress within six months after the date of enactment of this Act.

SEC. 4810. ROUTE DISCONTINUANCE.

(a) PROHIBITION.—Amtrak shall not, by reason of any provision of this subtitle, including section 4801, reduce the frequency of service on any line on which, as of May 1, 1985, three or fewer trains operate per week.

SEC. 4811. UNSAFE FACILITIES.

Title VIII of the Rail Passenger Service Act (45 U.S.C. 641 et seq.) is amended by adding at the end the following new section:

"SEC. 812. UNSAFE FACILITIES.

"(a) The Corporation, or the owner of any facility which presents a danger to the employees, passengers, or property of the Corporation, may petition the Secretarty for assistance to the owner of such facility for relocation or other remedial measures to minimize or eliminate such danger under this section.

"(b) If the Secretary determines that—

"(1) a facility which is the subject of a petition under subsection (a) presents a danger of death or serious injury to any employee or passenger of the Corporation or serious damage to any property of the Corporation; and

"(2) the owner of such facility should not be expected to bear the cost of relocating or other remedial measures necessary to minimize or eliminate such danger, the Secretary shall recommend to the Congress that the Congress, as a part of its periodic reauthorizations of this subtitle, authorize funding, by reimbursement or otherwise, for such relocation or other remedial measures.

"(c) Petitions may be submitted under subsection (a) of this section with respect to any relocation or remedial measures undertaken on or after January 1, 1978.".

SEC. 4812. EMPLOYMENT VACANCY FILING.

(a) LIABILITY.—Section 704(c) of the Regional Rail Reorganization Act of 1973 (45 U.S.C. 797c(c)) is amended—

(1) by inserting "(1)" after "VACANCY NOTICES.—"; and

(2) by adding at the end a new paragraph as follows:

"(2)(A) As soon as the Board becomes aware of any failure on the part of a railroad to comply with paragraph (1), the Board shall issue a warning to such railroad of its potential liability under subparagraph (B).

"(B) Any railroad failing to comply with paragraph (1) of this subsection after being warned by the Board under subparagraph (A) shall be liable for a civil penalty in the amount of $1,000 for each vacancy with respect to which such railroad has so failed to comply.".

(b) EXTENSION.—Section 704(f) of such Act (45 U.S.C. 797c(f)) is amended by striking out "4-year" and inserting in lieu thereof "6-year".

(c) EFFECTIVE DATES.—The amendments made by subsection (a) shall take effect on the date of enactment of this Act, and the amendment made by subsection (b) shall be effective as of August 1, 1985.

SEC. 4813. TRANSPORTATION OF UNOCCUPIED VEHICLES.

Section 103(3) of the Rail Passenger Service Act (45 U.S.C. 502(3)) is amended by inserting ", and, when space is available, of unoccupied vehicles" after "and their occupants".

SEC. 4814. RAIL EMPLOYEE TAXES.

Section 11504(a) of title 49, United States Code, is amended by adding at the end of the following new paragraph:

"(3) No part of the compensation paid by a rail carrier providing transportation subject to the jurisdiction of the Interstate Commerce Commission under subchapter I of chapter 105 of this title to an employee who performs his regular assigned duties as such an employee on a railroad in more than one State, shall be subject to the income tax laws of any State or subdivision thereof other than a State or subdivision thereof described in paragraph (2) of this subsection.".

□ 1425

Mr. FLORIO. Mr. Chairman, the amendment I am offering with, I think, bipartisan support, is exactly the same as the Amtrak authorization bill, H.R. 2266, which the House passed on September 19, by a 290-to-128 rollcall vote.

Briefly, the bill, as passed by the House, and this amendment, authorize $603.5 million for Amtrak for fiscal year 1986—a reduction of $80.5 million from the fiscal year 1985 appropriation level of $684 million and a reduction of $109.5 million from the fiscal year 1986 baseline of $713 million. The bill ensures the continuation of a national rail passenger system while providing tools for Amtrak to increase its efficiency and cost-effectiveness.

Until recently, I had hoped that the House would not have to deal with Amtrak as part of the reconciliation process. Unfortunately, the other body has put us in a position where we must attach this bill the reconciliation bill to protect the House position. During the conference on the budget resolution, I voiced strong objection to dealing with Amtrak in the reconciliation process. The conference report on the budget resolution did not assume reconciliation of Amtrak. Nevertheless, the Commerce Committee in the other body has inserted Amtrak provisions into the reconciliation bill. Because of this, Amtrak will be an issue in conference. Adoption of this amendment will ensure that the House position will be reflected in the House bill that goes to conference.

I urge adoption of this amendment.

Mr. LENT. Mr. Chairman, will the gentleman yield?

Mr. FLORIO. I am happy to yield to the ranking member of the subcommittee of authorization, the gentleman from New York [Mr. LENT].

Mr. LENT. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of Chairman FLORIO's amendment to incorporate H.R. 2266, as passed by the House, as part of H.R. 3500.

H.R. 2266 was passed by the House on September 19 of this year. The bill provides for a 1-year reauthorization of Amtrak at a level of $603.5 million for fiscal year 1986. This is approximately 11.4 percent below the level of Federal funding that Amtrak received in fiscal year 1985. This authorization level is the same as the appropriations level for Amtrak included in H.R. 3244, the Department of Transportation fiscal year 1986 appropriations bill, which was also passed by the House last month. In addition, H.R. 2266 makes a number of changes to current law which are helpful to Amtrak.

Although the conference report on Senate Concurrent Resolution 52, the first concurrent resolution on the budget for fiscal year 1986, did not include specific reconciliation instructions with respect to the levels of Federal funding for Amtrak, I feel that the inclusion of H.R. 2266 in H.R. 3500 is necessary for several reasons.

The other body included language reauthorizing Amtrak in S. 1730, the consolidated Omnibus Budget Reconciliation Act of 1985. Since they have chosen to reauthorize Amtrak as part of S. 1730, it appears unlikely that they will act on H.R. 2266 independently. Therefore, the inclusion of H.R. 2266 in H.R. 3500 may be the only chance Congress will have to make the statutory changes helpful to easing the financial plight of Amtrak.

As reported by the Budget Committee, S. 1730 provides for a straight 3-year reauthorization of Amtrak. However, when the Subcommittee on Commerce, Transportation, and Tourism, on which I serve as the ranking minority member, held hearings on legislation to reauthorize Amtrak, Amtrak testified that changes in current law were necessary to enable it to increase its revenues and its efficiency in order to operate a successful nationwide rail passenger service at reduced Federal funding levels.

One of the changes which Amtrak suggested was amending current law to allow Amtrak to carry unoccupied vehicles on its auto-train service. Section 13 of H.R. 2266 includes this change. Let me explain how this could increase Amtrak's revenues. Under the Rail Passenger Service Act, Amtrak is authorized to operate an auto-train service. The statute also provides that the occupants of the vehicles must accompany the vehicles.

Amtrak has successfully inaugurated auto-train service between Lorton, VA, and Sanford, FL. While auto-train is a successful venture, there are times when unused space is available. Section 13 would allow Amtrak to fill this available space with unaccompanied vehicles. Amtrak estimates that this change to current law would increase its revenues by $600,000 to $800,000 per year.

If the legislative changes set forth in H.R. 2266 are not included in the House-passed reconciliation bill, the conferees would be unable to address these changes to current law which are vital to Amtrak's continued success as a nationwide system. The provisions included in H.R. 2266 which are not in S. 1730 would fall outside the scope of the conference since they are presently not included in either body's reconciliation bill.

As a side note, I would like to mention for my colleagues' benefit that the other body is currently debating S. 1730, and yesterday they adopted several amendments to current law. One of the amendments they adopted, as a possible budget saving device, addresses the costs incurred by Amtrak on the Northeast corridor as a result of its use by Conrail and transit authorities. Based on a decision issued in March 1983, by the Interstate Commerce Commission, these carriers pay the avoidable costs of their use of the corridor, leaving Amtrak to absorb the full costs of maintenance, operation, and capital programs.

If this cost allocation is reworked, it could save Amtrak roughly $70 million per year in expenses—expenses that are not attributable to its operations. This suggested change was also presented at our subcommittee hearing and I believe it merits close scrutiny in conference.

Mr. Chairman, Congress is asking Amtrak to increase its revenues and its efficiency and, thereby, decrease its reliance on the American taxpayer. It is essential that Congress act promptly to provide the necessary tools for Amtrak to succeed. Adoption of the Florio amendment today will put us one step closer toward achieving that goal.

In conclusion, I urge my colleagues to support the Florio amendment.

Mr. FLORIO. Mr. Chairman, I yield 3 minutes to the gentleman from Indiana [Mr. COATS], a member of the committee.

Mr. COATS. I thank the gentleman for yielding this time to me.

Mr. Chairman, I join my colleague, the gentleman from New York, and the gentleman from New Jersey, in supporting the Florio amendment to H.R. 3500, the Omnibus Budget Reconciliation Act of 1985.

The Florio amendment incorporates H.R. 2266, as passed by the House, which reauthorizes Amtrak, into title IV of H.R. 3500.

I have consistently advocated providing Amtrak with the flexibility it needs to increase its revenues and operate an efficient nationwide rail passenger system and, thereby, reduce its reliance on Federal funding. In order to achieve this goal, changes are

needed in current law. H.R. 2266 makes some of those necessary changes.

For example, section 4 of the bill allows Amtrak to compete for preferred contract carrier status in the Federal Government's discount program for Federal employees traveling on official business. Amtrak's inclusion in this program should result in additional revenues for Amtrak and considerable savings to the Federal Government.

The other body has incorporated the reauthorization of Amtrak into S. 1730, the consolidated Omnibus Budget Act of 1985. Since this is the manner in which the other body has chosen to proceed, it appears unlikely that further action will be taken on H.R. 2266. Therefore, inclusion of H.R. 2266 as part of H.R. 3500 may be our only chance this session to provide Amtrak with the changes in current law necessary to reduce its reliance on the American taxpayer.

In conclusion, I urge my colleagues to support the Florio amendment.

Mr. FLORIO. Mr. Chairman, I reserve the balance of my time.

Mr. LATTA. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New Jersey [Mr. FLORIO].

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. LATTA] for 15 minutes in opposition to the amendment offered by the gentleman from New Jersey [Mr. FLORIO].

Mr. LATTA. Mr. Chairman, just a word about Amtrak, and then I want to talk about this bill.

Everybody knows of the tremendous subsidy that the taxpayer has to put forward for Amtrak and of the efforts of the administration to do something about it. Unfortunately, the House and the other body to date have refused to do anything about it, the same as they have refused to do anything here today about reducing the deficit by $3.5 billion.

We have come to a very sorry place, I think, here on Capitol Hill because we cannot seem to get what we maintain in public and in our speeches put together with our votes. So here is another opportunity to find out whether or not we really mean to cut back on spending, cut back on some of these subsidies.

The question is: Where are we going to start? Every single program that is brought up to be looked at, with the thought that perhaps we can reduce some spending that everybody complains about that is out of line, that we ought to do something about that $2 trillion debt, that we ought to do something about that impending $200 billion deficit for fiscal year 1986, but when every program comes up, "No, no; we cannot do anything about this."

The question is: When? When will the Congress of the United States take the bit in its mouth that it needs to take and do something about spending. This is just typical, this program, and I do not single it out, but it is just typical of what we do all the time around here.

So I intend to vote "no" on this program, as I voted when it was before the House, but what are we doing now in reconciliation? Thinking now that reconciliation in its present form is going to be singed into law, there is an attempt to rush this bill through under reconciliation. Let me tell the people who are attempting to do that and to do some of these other things, that the President has to sign that bill. I have a letter from OMB in my possession that says if we do not do something about five huge programs, he is going to veto it. It is just that simple.

□ 1435

So we ought to start doing something on our own. We have three branches of Government in this country and we have a function to perform, a legislative function. Now we are depending on the executive branch to do our jobs for us.

This is one of the things that brought on Gramm-Rudman-Hollings, the fact that the Congress of the United States refuses to do a thing, and that is to reduce these programs. Everybody admits they have to be reduced, but they say, "Do not do anything about my program."

We held hearings at the beginning of this year in the Budget Committee at various cities around this Nation. I knew exactly what the witnesses were going to say when they came before our committee. They were all saying "Don't cut my programs. Give me more." At the same time, they were saying, "You have to do something about interest rates."

Mr. SCHUMER. Mr. Chairman, will the gentleman yield?

Mr. LATTA. I will not yield to the gentleman. I know his position and I know what he is going to say, but I do not have the time.

Mr. SCHUMER. I may surprise the gentleman, I may not.

Mr. LATTA. But let me say to my friend from New York [Mr. SCHUMER] that he was there in New York City and he heard his mayor of New York City on revenue sharing, for example, say, "Hey, you can't do anything about revenue sharing, you can't do anything about the transit funds." At the very time the mayor was being chided by the Governor of New York for having $900 million in surplus, he wanted more from the taxpayers of this Nation.

And when I put the question to the mayor, what did he say? He said that is not surplus, that is insurance.

If he places that in that category, it is high time that we do something about insurance for our country, and we have to do it as these programs come along. This is typical of the problem that we face and that the country faces because of our inability, our absolute refusal to do anything about it when we have the opportunity.

Then we go out with our press releases across the country and say, oh, I voted against this or that, but knew it was going to pass. We had an opportunity today, but we failed. We failed. We are going to fail on this one too because it is going to pass. Reconciliation is going to pass.

But I am going to point out when the time comes, some of these programs that we are putting in there will add billions and billions of dollars to the deficit, and the Members of this House know it, and the American people ought to know it.

I yield back the balance of my time.

Mr. FLORIO. Mr. Chairman, I yield myself such time as I may consume.

Mr. FLORIO. Mr. Chairman, just in brief response to the gentleman's observations, they are clearly very interesting points with regard to a philosophic approach to Amtrak. Interesting, but irrelevant. We have already decided what it is that we want to do, which is to reject the philosophy that we should eliminate Amtrak. We have rejected that and the other body has rejected it.

So, therefore, what we are doing today is making a decision not on the substance but on the procedure. It was not the intention to include this bill in reconciliation. The other body did that. Our failure to include this in reconciliation will mean that we will not be realistic participants in the discussion between the two approaches that the two Houses have taken.

Thus, failure to pass this amendment will not allow us to take part in the discussions on the other body's Amtrak proposal which, and I am not sure the gentleman is aware of it, was somewhat drastically modified last night with some amendments. One amendment clearly flies in the face of what I think is the feeling in this body, and hopefully is the feeling of the gentleman from Ohio as well.

For example, it has been the feeling of this body that Conrail should be sold. As a matter of fact, the Budget Committee has assumed receipts of $1.2 billion to help with deficit reduction.

Last night the other body passed an amendment that will make Conrail less salable by virtue of assigning new costs to Conrail. This will preclude to a great degree the prospects of a sale or the prospects of receiving revenue and thus the prospects of reducing the deficit.

I do not think we want to allow that to happen automatically without

being able to participate in the discussion. So if we truly want to discuss differences between what it is that we have done and what it is that the other body has done, we have to approve this amendment to get us into the discussion process. Not to approve it is to say that we are irrelevant to the process, and I do not think this body wants to be irrelevant to the process.

I have no further requests for time, and so I yield back the balance of my time.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New Jersey [Mr. FLORIO].

The amendment was agreed to.

Mr. BEDELL. Mr. Chairman, because I believe in the urgent need to reduce the deficit, I intend to vote today for passage of H.R. 3500, the fiscal year 1986 Budget Reconciliation Act. Although this legislative package is far from perfect, and contains some provisions that I oppose, on balance I believe that our greatest need today is to enact the deficit reduction provisions contained in this bill.

This reconciliation bill carries out the deficit reduction instructions contained in the fiscal year 1986 budget resolution adopted earlier this year by Congress. This reconciliation bill would reduce Federal spending by $61 billion over the next 3 years, which is $3.3 billion more than required by the 1986 budget resolution. Because I believed that the final House-Senate compromise version of that budget resolution did not hold the line on an across-the-board budget freeze and reduce deficits enough, I voted against it. However, today the choice is whether to support the package of spending cuts reported by the committees and included in this bill. I do support this package.

As a member of the Small Business Committee, I would note that this reconciliation bill includes cuts in small business programs that exceed the required $2.479 billion savings target by over $100 million. These cuts in small business programs would eliminate most direct lending programs, terminate SBA farmer disaster assistance loans, and result in future SBA program levels far below a freeze level. As a member of the House Agriculture Committee, I would also note that H.R. 2100, the 1985 farm bill passed earlier this month by the House, would achieve the required savings of $7.9 billion.

Among other provisions, I oppose the provisions in this bill that would result in sharing excessive amounts of offshore drilling revenues with a handful of coastal States. Because I thought that we in the House should have had the opportunity to vote on this unjustifiable giveaway, I voted against the rule that prohibited most amendments.

I voted for the Latta amendment, which would have cut an additional $3.5 billion from deficits in the next 3 years. This amendment would have cut proposed new housing programs, and allowed their consideration separately by the House at another time. I have been a consistent supporter of housing programs, and continue to support enactment of comprehensive housing authorization legislation this year.

I strongly support preserving the integrity of transportation trust funds, and object to using surpluses in the trust funds to mask deficits elsewhere in the budget. However, I voted for the Fazio amendment because I recognize that there is enormous public concern at this time over proposals to move certain programs off budget. I would be supportive of budget policy initiatives aimed at ensuring the integrity of these trust funds in a fiscally sound manner.

Mr. FRENZEL. Mr. Chairman, I rise today in strong opposition to H.R. 3500, the fiscal year 1986 budget reconciliation bill.

When we adopted our creampuff budget resolution on August 1, we called for savings in outlays totaling $75.5 billion over the next 3 years. After much agonizing, the bill before us does no better than a reduction of $61.1 billion, and it achieves those insufficient savings by some very dubious means.

I grant that the bill does not include portions from the Committees on Agriculture and Ways and Means. But despite the bill's claim that we will realize an additional $16 billion in savings out of those committees, the farm bill appears certain to miss its budget target by at least $4 billion, and Ways and Means is struggling to come within $2 billion of its target. The inclusion of those two committees' work is likely to make the picture more, not less, bleak.

No one has any reason to brag about H.R. 3500. It's a failed attempt to reach a feeble target. Most sections simply don't cut enough. That's reason enough to reject the bill. Worse, however, are the new programs and other changes in substantive law that have been packaged into the reconciliation bill because they could not pass muster in the regular procedures.

Perhaps most offensive of these is the $3.5 billion in new spending authority contained in the bill. Money is generously provided to a wide array of housing programs and to the Ocean and Coastal Resources Development Block Grant Program. What an awful mockery of budget process it is to use reconciliation, a spending reduction device, to spend more money.

The bill also makes a major backward step by removing the highway and airport trust funds from the budget, allegedly to protect their integrity. Actually the change prevents legislative oversight and makes it easier for spenders to spend more freely.

That provision is a major legislative initiative which, in my judgment, properly should be subject to the full legislative process. Forcing it into the reconciliation bill is a sure indication that H.R. 3500 is a spending rather than a saving bill.

The bill before us assuredly contains some reductions that were painful to make and were well drawn. I do not mean to belittle the effort many committees made to reach their budget targets. I applaud their honest work as much as I desire the extra spending efforts of others. This is a time of runaway deficits. In times like these strong measures are necessary. Pretty good isn't good enough. We are living off creampuffs and soda pop at a time when a strong cathartic is called for.

The bill also represents a violation of House jurisdictional rules. The Ways and Means Committee's jurisdiction was needlessly invaded more than half a dozen times, most dangerously in questionable amendments to the ERISA law. Under this precedent, committees will unload all their garbage, which could not pass under regular procedures, into the reconciliation bill. They will assume, I suppose, that the annual bill will, like this one, be protected by a closed rule, and will be veto proof. I hope they will be fooled by a veto of this bill.

Another dreadful feature of this bill is the diversion of Federal oil and gas revenues from the Federal Treasury into the coffers of a few privileged States. This bill creates a running sore of about $5 billion.

Our budget targets were pretty soft. They should have been met. In my judgment, this bill is an embarrassment to the budget process and to this body. If we cannot achieve more responsible legislation than H.R. 3500, we ought to go back to the drawingboard. I urge my colleagues to join me in voting no on this legislation.

Mr. DASCHLE. Mr. Chairman, the budget deficit has been referred to as a time bomb. That time bomb is ticking. The budget deficit must be reduced to defuse this ticking time bomb.

Record breaking budget deficit after record breaking budget deficit have created an intolerable burden of debt for our Nation. Our national debt is now more than $2 trillion. As a nation, we have become a fiscal policy junkie constantly needing a fix of deficit spending. Mr. Chairman, deficit spending provides no fix. It is no solution. It only prolongs and worsens the problem.

There are some who wish the budget deficit would just go away, simply disappear, but that won't happen. The budget deficit didn't just appear one morning on the Nation's doorstep. It was created. It must now be reduced and next eliminated.

The Omnibus Budget Reconciliation Act now being considered by the House will reduce deficit spending by an estimated $61.1 billion. This legislation combined with other cost-saving measures will reduce spending in total by $78 billion. For a nation addicted to deficit spending, this is strong medicine. But it is also the first step to recovery.

Earlier this week, Prof. Franco Modigliani, the 1985 Nobel Laureate in Economics, in testimony before the Joint Economic Committee concluded, "the current and perspective deficit of the United States is of a magnitude such as to cause a clear and present danger and call for immediate remedial action." Professor Modigliani's conclusion parallels the collective judgment of the American people. The budget deficit

must be reduced and eliminated and now is the time for action.

Mr. Chairman, there are many provisions in this legislation which I strongly support, like abolishing the Synthetic Fuels Corporation. There are other provisions, however, which I do not support. The Omnibus Reconciliation Act imposes a means test on our veterans who seek health care services from the Veterans' Administration. As a member of the House Committee on Veterans' Affairs, I opposed this proposal when it was considered in committee and I remain strongly opposed to a means test approach to veterans health care.

As a nation we have made a commitment to our veterans. We have a moral obligation to the men and women who have honorably served our Nation and our obligation to the Nation's veterans is not revocable.

I am particularly concerned about the practical application of a means test. The means test being imposed for VA health care is a new and uncharted course and many fundamental questions remain unanswered. How will the veteran who is a farmer or small business owner be affected? How will the Veterans' Administration compute the income of these veterans in determining if they will be required to make a payment of nearly $500 in order to receive medical treatment from the VA? These questions have not been answered.

Mr. Chairman, in thousands of communities throughout the Nation preparations are well under way for ceremonies next month to honor America's veterans. On November 11, our Nation will pay tribute to the men and women who answered the call to preserve and defend the democracy and freedom which all Americans today enjoy. In the future, how many men and women may choose not to respond because they now question our Nation's commitment to veterans? Veterans Day, 1985, may long be remembered by a retreat from our commitment to the men and women who serve our Nation and the passage of legislation imposing a means test on our Nation's veterans.

My second concern with the legislation before us today is the Small Business Committee's recommendations on disaster loans for farmers and ranchers. While not acquiescing to the administration's request that the Small Business Administration be eliminated, the committee has recommended a number of far reaching changes that will have a tremendous impact on the small business owners, ranchers, and farmers throughout the Nation.

One recommended change would have a drastic effect on thousands of western South Dakota ranchers, suffering from the effects of one of the worst droughts in the history of my State. This deficit reduction package would eliminate farmers and ranchers from eligibility for SBA disaster loans. Unfortunately, it is anticipated that the SBA will very likely begin denying ranchers disaster loans retroactive to the beginning of the fiscal year. This retroactive ban means that many farmers and ranchers who may have applied for disaster loans, but were not yet approved, will suddenly find themselves ineligible for loans they previously thought they were receiving.

The pressure by the administration to eliminate the SBA is tremendous. Every Member of this body understands that. I would urge my colleagues, however, to make certain these proposed changes are not implemented in a fashion which reneges on commitments made to agriculturral producers. As this legislation continues through the legislative process, I would urge my colleagues to make clear the congressional intent with regard to retroactive application of this disaster loan.

Mr. WEISS. Mr. Chairman, I cast my vote in favor of H.R. 3500, the Omnibus Budget and Reconciliation Act, but only with great reluctance.

The fundamental premise of this bill is that continued cuts in domestic spending programs are the proper response to the serious deficit crisis that threatens the future of our Nation.

This premise is wrong. We know beyond any shadow of a doubt that the prime causes of the deficit crisis are Ronald Reagan's massive military buildup and his inequitable tax giveaways. Logic dictates that the solution to the deficit crisis should address the causes. Therefore, a responsible approach to the deficit crisis should involve efforts to cut excessive military spending and to secure additional revenues by plugging inequitable loopholes in the Tax Code, not to eliminate spending for programs that serve human needs.

The current reconciliation bill contains a wide range of burdensome and unnecessary cuts that will harm veterans' programs, student loans, small business assistance, and other government services. In addition, the bill imposes an unwarranted pay freeze on our devoted Federal work force, which is already proven to be undercompensated relative to the private sector. I remain firmly opposed to these cutbacks.

But as on so many other occasions in recent years, a flawed vehicle provides the only opportunity for serious action on a critical problem—in this case, the serious national shortage of adequate housing. Indeed, as the all but monolithic opposition of our Republican colleagues indicates, defeating this bill would guarantee one that would cause even more pain.

While the reconciliation bill contains many damaging provisions, it also contains an urgently needed reauthorization of essential housing programs. It is well known that, unless this reauthorization is included in the reconciliation bill, there is little likelihood of any substantive action in this area in the near future. The severity of the current housing shortages and the importance of the housing reauthorization to the American public cannot be overstated. Therefore, I must join other Members of the House in demanding serious action on this issue.

The Government Operations Subcommittee on Intergovernmental Relations and Human Resources, which I chair, issued a report earlier this year on the need of a Federal response to the crisis of homelessness. The report noted that homelessness in this country is increasing by 38 percent each year. If we continue to neglect our country's fundamental housing and urban aid programs, we can only expect greater numbers of men, women, and children forced to live on the streets.

In New York City, approximately 170,000 eligible low-income families are on waiting lists for public housing. The waiting time currently stretches from 15 to 18 years. Approximately 47,000 families and individuals are "doubling up" with relatives and friends.

This bill represents an insufficient but important response to these problems. Positive changes have been made to assist families in section 8 housing, including important clarifications regarding their rent contribution. In addition, a small child care demonstration project has been authorized. An urgently needed rental rehabilitation program will be funded as well as three good new programs to aid the homeless. Included also is a homeownership demonstration project for low-income working families, the Nehemiah Project.

The provisions of H.R. 3500 concerning mandatory meals are also a step in the right direction. Some senior and disabled citizens living in federally subsidized housing (section 202/8) are forced to buy a mandatory meal plan as a condition of occupancy. The new provisions permit exemptions from mandatory meals for medical, religious, financial and other reasons; place a moratorium on new mandatory meals programs for 18 months while HUD conducts a study, and separate the meal contract from the rental agreement.

Proponents of mandatory meals claim voluntary programs are economically unfeasible; yet, many voluntary programs not only function well but provide cheaper meals. Proponents also say mandatory meals prevent isolation of the elderly. These arguments are patronizing and ageist. By law, section 202 housing is for people capable of independent living. It may be more sociable to eat with others; it may, for some, even be more nutritious to eat a prepared meal. Neither point is relevant. The pertinent issue is the compulsory nature of the meal programs.

The fight against mandatory meals, which is part of the movement for respect and equal treatment of all elderly people, revolves around the issue of whether elderly and disabled citizens capable of independent living have the right to decide when, where and what to eat if they choose to live in federally subsidized housing. Although the abolition of mandatory meals should be our ultimate goal, I feel the provisions on mandatory meals in this bill are a responsible and necessary step toward eliminating some of the most blatant problems associated with mandatory meals.

The bill also contains some welcome improvements in the law surrounding termination of pension plans that will eliminate the deficit of the Pension Benefit Guarantee Corporation and make it more difficult

for profitable firms to terminate their employee pension plans.

Finally, I strongly favor the provisions of the bill that will require employers to provide a 5-year continuation of health insurance at group rates to the spouse of a worker who dies, is divorced, or becomes eligible for Medicare provided the spouse pays the entire premium. Discontinued health insurance following divorce or death of a spouse is a particularly acute problem for midlife women. There are an estimated 5 million American women between the ages of 40 and 65 who have no basic health insurance coverage. Passage of this provision would help alleviate this crisis.

Mr. Chairman, I have long been a vocal advocate of programs to ensure adequate health care and housing for our Nation's citizens. And so long as this bill remains a vehicle for accomplishing these highly important goals, I will support it, seriously flawed as it otherwise is. But should these and other favorable provisions be significantly diluted or eliminated in conference, I will vote against the conference report.

Mr. WYLIE. Mr. Chairman, yesterday, during general debate on H.R. 3500, the Omnibus Budget Reconciliation Act of 1985, a question arose concerning the issue as to whether H.R. 1, as contained in title II of H.R. 3500, meets the budget resolution.

I believe I can shed some light on the question.

While it is true that the Banking Committee's reconciliation provision is within the budget authority and outlay targets of the budget resolution for fiscal year 1986, an analysis which I requested and which was prepared by the Congressional Budget Office, shows that the banking provision is over the outlay targets by $135 million for fiscal year 1987 and $185 million for fiscal year 1988. To find that I call the Members attention to the last line of numbers in the following table under outlays for 1987 and 1988. This is important, since reconciliation guidelines issued by the Budget Committee on September 20, 1985, which I also am including in the RECORD, indicate that the reconciliation directive covers fiscal years' 1986 through 1988. Since H.R. 1 is included in title II in its entirety, it seems clear that all of the H.R. 1 provisions would be subject to the reconciliation guidelines.

Mr Chairman, I thank you for the opportunity to clarify this issue because we all know that it is outlays that determine deficits, not the level of budget authority. Once again, I want to make clear, that while H.R. 1 may meet the budget authority targets of the budget resolution for fiscal year 1986. It does not meet the outlay targets for fiscal years 1987 and 1988.

HOUSE OF REPRESENTATIVES, COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS,
Washington, DC, October 2, 1985.

Mr. RUDOLPH G. PENNER,
Director, Congressional Budget Office, Washington, DC.

DEAR MR. PENNER: This is in further regard to my letter of September 10, 1985 concerning H.R. 1, the Housing Act of 1985 as it relates to the First Concurrent Resolution on the Budget for Fiscal Year 1986.

Based on informal communications between members of our respective staffs, I have been advised that the H.R. 1 Reconciliation Amendment is within the FCR budget authority and outlay targets for Fiscal Year 1986. However, based on reconciliation guidelines issued by Budget Committee Chairman Gray on September 20, 1985, it appears that the Budget Committee Assumes that Fiscal Years 1986 through 1988 are covered under the reconciliation directive. In order that I may have a clearer understanding of H.R. 1 as it relates to the FCR and guidelines issued by the Budget Committee, I request that your office prepare an analysis of the H.R. 1 Reconciliation Amendment compared with the FCR showing budget authority and outlays for Fiscal Years 1986 through 1988.

I would appreciate your earliest reply and would like to have it no later than Monday, October 7, 1985.

Very truly yours,

CHALMERS P. WYLIE,
Ranking Member.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, October 7, 1985.

Hon. CHALMERS P. WYLIE,
Ranking Minority Member, Committee on Banking, Finance and Urban Affairs, House of Representatives, Washington, DC.

DEAR CONGRESSMAN: In response to your letter of October 2, 1985, I am enclosing a table that compares the reconciliation amendment to H.R. 1 dated September 23, 1985, to the First Concurrent Resolution on the Budget for Fiscal Year 1986. There are two important factors that should be noted concerning this table. First, as you mentioned, the budget resolution includes funding assumptions for the three fiscal years 1986 through 1988. With a few exceptions, however, the reconciliation amendments to H.R. 1 would provide authorizations for 1986 only. For comparison with the budget resolution, the House Budget Committee staff has requested that these authorizations be projected through 1988 using the same annual rates of inflation that were used to construct the resolution baseline. The enclosed table shows the results of this procedure. The second factor to consider when comparing proposed legislation to the resolution is the allocation of the resolution totals to the specific programs authorized by H.R. 1. The allocation shown in the table represents House Budget Committee staff assumptions.

As you can see from the table, the estimated budget impact of H.R. 1 falls within the resolution assumptions for fiscal year 1986. After applying the projection procedures noted above, it is estimated that the bill would save a total of about $1.5 billion in budget authority over the resolution period 1986–1988. Over the same period of time, however, outlays would exceed those in the resolution by $320 million.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,
Sincerely,

RUDOLPH G. PENNER.

H.R. 1: RECONCILIATION AMENDMENT COMPARED WITH BUDGET RESOLUTION

[In millions of dollars]

Program	Budget authority			Outlays		
	1986	1987	1988	1986	1987	1988
Sec. 8 public housing contracts:						
H.R. 1 amended [1]	9,179	9,568	9,972	9,481	10,283	11,916
FCR (House)	9,786	10,299	10,623	9,345	10,186	11,052
Difference	(607)	(731)	(651)	136	97	864
Public housing loan fund:						
H.R. 1 amended [1]	1,822	2,203	819	1,965	2,344	958
FCR (House)	2,053	2,643	2,198	2,196	2,783	2,336
Difference	(231)	(440)	(1,379)	(231)	(439)	(1,378)
Public housing child care demonstration:						
H.R. 1 amended [1]	15	16	16	6	15	16
FCR (House)	0	0	0	0	0	0
Difference	15	16	16	6	15	16
Public housing operating subsiders:						
H.R. 1 amended [1]	1,279	1,306	1,341	1,387	1,293	1,325
FCR (House)	1,279	1,306	1,341	1,387	1,293	1,325
Difference	0	0	0	0	0	0
Rental development grants (HoDAG):						
H.R. 1 amended [1]	150	157	163	127	228	201

H.R. 1: RECONCILIATION AMENDMENT COMPARED WITH BUDGET RESOLUTION—Continued

[In millions of dollars]

Program	Budget authority			Outlays		
	1986	1987	1988	1986	1987	1988
FCR (House)	0	0	0	112	137	46
Difference	150	157	163	15	91	155
Rental rehabilitation grants:						
H.R. 1 amended [1]	0	0	0	150	75	0
FCR (House)	0	0	0	150	75	0
Difference	0	0	0	0	0	0
Elderly and handicapped loans:						
H.R. 1 amended [1]	579	606	627	603	564	607
FCR (House)	578	605	627	603	564	606
Difference	1	1	0	0	0	1
Congregate housing services:						
H.R. 1 amended [1]	8	8	9	11	8	9
FCR (House)	4	5	5	8	4	5
Difference	4	3	4	3	4	4
Sec. 235 homeownership assistance:						
H.R. 1 amended [1]	75	78	82	4	11	19
FCR (House)	0	0	0	0	0	0
Difference	75	78	82	4	11	19
HUD–HHS housing demonstration:						
H.R. 1 amended [1]	10	10	11	4	10	11
FCR (House)	0	0	0	0	0	0
Difference	10	10	11	4	10	11
Rural housing loans (on-budget: Includes rental assistance on existing units):						
H.R. 1 amended [1]	3,294	2,906	2,966	3,214	2,843	2,902
FCR (House)	2,567	2,768	2,862	2,722	2,822	2,880
Difference	727	138	104	492	21	22
Rural housing loans (off-budget):						
H.R. 1 amended [1]	137	154	280	137	4	280
FCR (House)	699	154	280	699	4	280
Difference	(562)	0	0	(562)	0	0
Rural rental assistance—Newly built units:						
H.R. 1 amended [1]	0	0	0	7	18	21
FCR (House)	55	57	59	8	22	34
Difference	(55)	(57)	(59)	(1)	(4)	(13)
Rural housing grants:						
H.R. 1 amended [1]	72	75	78	52	66	73
FCR (House)	27	28	29	41	41	35
Difference	45	47	49	11	25	38
Flood insurance studies:						
H.R. 1 amended [1]	37	39	40	40	38	39
FCR (House)	37	39	40	40	38	39
Difference	0	0	0	0	0	0
Solar bank:						
H.R. 1 amended [1]	15	16	16	28	27	15
FCR (House)	15	16	16	28	27	15
Difference	0	0	0	0	0	0
Housing counseling assistance:						
H.R. 1 amended [1]	4	4	4	4	4	4
FCR (House)	4	4	4	4	4	4
Difference	0	0	0	0	0	0
HUD research:						
H.R. 1 amended [1]	17	18	19	18	18	18
FCR (House)	17	18	19	18	18	18
Difference	0	0	0	0	0	0
Fair housing initiative:						
H.R. 1 amended [1]	10	10	11	4	11	10
FCR (House)	0	0	0	0	0	0
Difference	10	10	11	4	11	10
Urban homesteading:						
H.R. 1 amended [1]	12	13	13	12	12	13
FCR (House)	12	13	13	12	12	13
Difference	0	0	0	0	0	0
Community development block grants:						
H.R. 1 amended [1]	2,980	3,095	3,213	3,559	3,386	3,068
FCR (House)	2,948	3,062	3,178	3,559	3,374	3,038
Difference	32	33	35	0	12	30
Urban development action grants:						
H.R. 1 amended [1]	352	366	378	524	506	453

H.R. 1: RECONCILIATION AMENDMENT COMPARED WITH BUDGET RESOLUTION—Continued

[In millions of dollars]

Program	Budget authority			Outlays		
	1986	1987	1988	1986	1987	1988
FCR (House)	352	366	378	524	506	453
Difference	0	0	0	0	0	0
Neighborhood Reinvestment Corporation:						
H.R. 1 amended [1]	16	16	17	16	16	17
FCR (House)	16	16	17	16	16	17
Difference	0	0	0	0	0	0
Neighborhood development demonstration:						
H.R. 1 amended [1]	10	10	11	5	10	11
FCR (House)	0	0	0	0	0	0
Difference	10	10	11	5	10	11
National Board of Charities:						
H.R. 1 amended [1]	66	69	72	59	69	72
FCR (House)	0	0	0	0	0	0
Difference	66	69	72	59	69	72
2d stage homeless assistance:						
H.R. 1 amended [1]	50	52	55	20	51	53
FCR (House)	0	0	0	0	0	0
Difference	50	52	55	20	51	53
Emergency shelter grants:						
H.R. 1 amended [1]	100	104	109	2	40	94
FCR (House)	0	0	0	0	0	0
Difference	100	104	109	2	40	94
Nehemiah grants:						
H.R. 1 amended [1]	100	104	109	0	8	53
FCR (House)	0	0	0	0	0	0
Difference	100	104	109	0	8	53
Multifamily preservation loans:						
H.R. 1 amended [1]	60	62	66	24	60	60
FCR (House)	0	0	0	0	0	0
Difference	60	62	66	24	60	60
Sec. 108 community development loan guarantees:						
H.R. 1 amended [1]	116	111	71	28	65	38
FCR (House)	116	137	69	28	22	(25)
Difference	0	(26)	2	0	43	63
Total (budget functions 370, 450, 600, other):						
H.R. 1 amended [1]	20,565	21,176	20,568	21,491	22,083	22,356
FCR (House)	20,565	21,536	21,758	21,500	21,948	22,171
Difference	0	(360)	(1,190)	(9)	135	185

[1] H.R. 1 would provide fiscal year 1986 authorizations only. For comparison purposes, these authorizations were projected with allowances for inflation. The allocation of the resolution to specific programs represents House Budget Committee staff assumptions.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE BUDGET,
Washington, DC, September 20, 1985.

Hon. FERNAND J. ST GERMAIN,
Chairman, Committee on Banking, Finance and Urban Affairs, Rayburn House Office Building, Washington, DC.

DEAR FRED: As you know, the fiscal year 1986 budget resolution includes reconciliation directives to fourteen House committees, including the one you chair. The deadline for submitting reconciliation legislation to the Budget Committee is September 27, and many committees have made substantial progress in drafting their reconciliation bills.

I have enclosed a set of reconciliation guidelines for your information. However, I would urge you to call upon me at any time if you need further information or I can be of assistance in any other way.

Sincerely,

BUTLER DERRICK,
Chairman, Task Force on the Budget Process.

Enclosure.

RECONCILIATION GUIDELINES FOR COMMITTEES

1. What years are covered under the reconciliation directive?

Fiscal Years 1986 through 1988.

2. The reconciliation directives specify budget authority and outlay targets for each of the three years. Does a committee have to meet each year's target for both budget authority and outlays?

Committees are expected to meet their targets. In the past, Congress has been most concerned that the three-year total outlay savings be met, and less concerned with the year-by-year distribution and the budget authority targets. The Budget Committee encourages committees to be guided by the distribution and budget authority figures to the extent feasible.

The CHAIRMAN. Under the rule, no further amendments are in order.

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. BONIOR of Michigan) having assumed the chair, Mr. DE LA GARZA, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3500) to provide for reconciliation pursuant to section 2 of the First Concurrent Resolution on the Budget for the fiscal year 1986, pursuant to House Resolution 296, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Under the rule, the amendment on page 15 is considered to have been adopted in the House.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. LATTA

Mr. LATTA. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. LATTA. I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. LATTA moves to recommit the bill, H.R. 3500, to the Committee on the Budget.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LATTA. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 228, nays 199, not voting 7, as follows:

[Roll No. 372]

YEAS—228

Ackerman	Dowdy	Kaptur
Akaka	Downey	Kennelly
Alexander	Durbin	Kildee
Andrews	Dwyer	Kleczka
Annunzio	Dymally	Kostmayer
Anthony	Dyson	LaFalce
Aspin	Early	Lantos
Atkins	Eckart (OH)	Leath (TX)
AuCoin	Edgar	Lehman (CA)
Barnard	Edwards (CA)	Lehman (FL)
Barnes	Erdreich	Leland
Bates	Evans (IL)	Levin (MI)
Bedell	Fascell	Levine (CA)
Beilenson	Fazio	Lipinski
Bennett	Feighan	Livingston
Berman	Fish	Lloyd
Bevill	Flippo	Long
Biaggi	Florio	Lowry (WA)
Boggs	Foglietta	Luken
Boland	Foley	Lundine
Boner (TN)	Ford (MI)	MacKay
Bonior (MI)	Ford (TN)	Manton
Bonker	Fowler	Markey
Borski	Frank	Martinez
Bosco	Frost	Matsui
Boucher	Fuqua	Mavroules
Boxer	Garcia	Mazzoli
Breaux	Gejdenson	McCloskey
Brooks	Gephardt	McCurdy
Bruce	Gilman	McHugh
Bryant	Gonzalez	McKinney
Burton (CA)	Gordon	Mica
Bustamante	Gray (IL)	Mikulski
Byron	Gray (PA)	Miller (CA)
Carper	Green	Mitchell
Chapman	Guarini	Moakley
Chappell	Hall (OH)	Molinari
Clay	Hall, Ralph	Mollohan
Coleman (TX)	Hatcher	Montgomery
Collins	Hawkins	Moody
Cooper	Hayes	Moore
Coyne	Hefner	Morrison (CT)
Crockett	Heftel	Mrazek
Darden	Horton	Murtha
Daschle	Hoyer	Natcher
de la Garza	Huckaby	Neal
Dellums	Hutto	Nichols
Derrick	Jeffords	Nowak
Dicks	Jenkins	O'Brien
Dingell	Jones (NC)	Oakar
Dixon	Jones (OK)	Oberstar
Donnelly	Jones (TN)	Obey
Ortiz	Sabo	Torres
Owens	Savage	Torricelli
Panetta	Scheuer	Towns
Parris	Schroeder	Udall
Pease	Schumer	Valentine
Penny	Seiberling	Vento
Pepper	Sikorski	Visclosky
Perkins	Sisisky	Walgren
Pickle	Smith (FL)	Waxman
Porter	Snyder	Weaver
Price	Solarz	Weiss
Rahall	Spratt	Wheat
Rangel	St Germain	Whitley
Ray	Staggers	Williams
Reid	Stallings	Wilson
Richardson	Stenholm	Wirth
Rodino	Stokes	Wise
Roe	Stratton	Wolf
Roemer	Studds	Wolpe
Rose	Swift	Wright
Rostenkowski	Synar	Wyden
Rowland (GA)	Tallon	Yates
Roybal	Tauzin	Young (AK)
Russo	Thomas (GA)	Young (MO)

NAYS—199

Anderson	Grotberg	Packard
Applegate	Gunderson	Pashayan
Archer	Hamilton	Petri
Armey	Hammerschmidt	Pursell
Badham	Hansen	Quillen
Bartlett	Hartnett	Regula
Barton	Hendon	Ridge
Bateman	Henry	Rinaldo
Bentley	Hertel	Ritter
Bereuter	Hiler	Roberts
Bilirakis	Hillis	Robinson
Bliley	Holt	Rogers
Boehlert	Hopkins	Roth
Boulter	Howard	Roukema
Broomfield	Hubbard	Rowland (CT)
Brown (CO)	Hughes	Rudd
Broyhill	Hunter	Saxton
Burton (IN)	Hyde	Schaefer
Callahan	Ireland	Schneider
Campbell	Jacobs	Schuette
Carney	Johnson	Schulze
Carr	Kanjorski	Sensenbrenner
Chandler	Kasich	Sharp
Chappie	Kastenmeier	Shaw
Cheney	Kemp	Shelby
Clinger	Kindness	Shumway
Coats	Kolbe	Shuster
Cobey	Kolter	Siljander
Coble	Kramer	Skeen
Coleman (MO)	Lagomarsino	Slattery
Combest	Latta	Slaughter
Conte	Leach (IA)	Smith (IA)
Coughlin	Lent	Smith (NE)
Courter	Lewis (CA)	Smith (NJ)
Craig	Lewis (FL)	Smith, Robert (NH)
Crane	Lightfoot	Smith, Robert (OR)
Daniel	Loeffler	Snowe
Dannemeyer	Lott	Solomon
Daub	Lowery (CA)	Spence
Davis	Lujan	Stangeland
DeLay	Lungren	Stark
DeWine	Mack	Strang
Dickinson	Madigan	Stump
DioGuardi	Marlenee	Sundquist
Dorgan (ND)	Martin (IL)	Sweeney
Dornan (CA)	Martin (NY)	Swindall
Dreier	McCain	Tauke
Duncan	McCandless	Taylor
Eckert (NY)	McCollum	Thomas (CA)
Edwards (OK)	McDade	Traficant
Emerson	McEwen	Traxler
English	McGrath	Vander Jagt
Evans (IA)	McKernan	Volkmer
Fawell	McMillan	Vucanovich
Fiedler	Meyers	Walker
Fields	Michel	Watkins
Franklin	Miller (OH)	Weber
Frenzel	Miller (WA)	Whitehurst
Gallo	Mineta	Whittaker
Gaydos	Monson	Whitten
Gekas	Moorhead	Wortley
Gibbons	Morrison (WA)	Wylie
Gingrich	Murphy	Yatron
Glickman	Myers	Young (FL)
Goodling	Nielson	Zschau
Gradison	Olin	
Gregg	Oxley	

NOT VOTING—7

Addabbo	Conyers	Smith, Denny (OR)
Brown (CA)	Nelson	
Coelho	Skelton	

□ 1500

The Clerk announced the following pair:

On this vote:

Mr. Nelson of Florida for, with Mr. Denny Smith against.

Mr. HUGHES changed his vote from "yea" to "nay."

Mr. YATES changed his vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. GRAY of Pennsylvania. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remakrs, and include extraneous material, in the RECORD on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

REPORT ON RESOLUTION WAIVING CERTAIN POINTS OF ORDER AGAINST CONFERENCE REPORT ON S. 1160, DEPARTMENT OF DEFENSE AUTHORIZATION ACT, 1986, AND AGAINST CONSIDERATION THEREOF

Mr. BEILENSON, from the Committee on Rules, submitted a privileged report (Rept. No. 99-330) on the resolution (H. Res. 299), waiving certain points of order against the conference report on the bill (S. 1160) to authorize appropriations for the military functions of the Department of Defense and to prescribe personnel levels for the Department of Defense for fiscal year 1986, to authorize certain construction at military installations for such fiscal year, to authorize appropriations for the Department of Energy for national security programs for such fiscal year, and for other purposes, and against the consideration of such conference report, which was referred to the House Calendar and ordered to be printed.

PERMISSION FOR COMMITTEE ON APPROPRIATIONS TO HAVE UNTIL MIDNIGHT, FRIDAY OCTOBER 25, 1985, TO FILE PRIVILEGED REPORT ON DEPARTMENT OF DEFENSE APPROPRIATIONS, FISCAL YEAR 1986

Mr. CHAPPELL. Mr. Speaker, I ask unanimous consent that the Commit-

tee on Appropriations may have until midnight tomorrow to file a privileged report on the bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes.

Mr. McDADE reserved all points of order on the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked unanimous consent to proceed for 1 minute to inquire of the distinguished majority leader the program for the balance of the day and next week.

Mr. WRIGHT. Mr. Speaker, will the distinguished minority leader yield?

Mr. MICHEL. I yield to the majority leader.

Mr. WRIGHT. I thank the gentleman.

Mr. Speaker, this concludes the legislative business for the week. And before we adjourn today, I will ask unanimous consent that we adjourn to meet at noon on Monday.

On Monday we will have four district bills and seven suspensions, and recorded votes requested on the district bills or the suspensions will be postponed until Tuesday, so we would have no votes on them on Monday. They are listed on the page that I have handed to the distinguished minority leader, and I include that list at this point in the RECORD.

District of Columbia bills:

H.R. 2050, District Parole Board;

H.R. 2946, District Jury System;

H.R. 3578, Prosecutorial and Judicial Efficiency Bill; and

H.R. 3592, Prosecutorial and Judicial Efficiency Bill.

Suspensions (seven bills):

H.R. 3603, clarify application of section 2406 of United States Code title X;

H.R. 3235, Mississippi Technology Transfer Center Act;

H.R. 3530, Fair Labor Standards Amendments of 1985;

H.R. 3447, Congressional Awards Acts amendments;

H. Con. Res. 201, 10th Anniversary Commemoration of Education for All Handicapped Children Act;

H.R. 2713, restitution amendments, United States Code, title XVIII; and

H.R. 3511, bank bribery amendments.

On Tuesday we will meet at noon, takes votes on any district bills or suspensions that have been postponed on Monday, and then take up the conference report on the Department of Defense authorization bill.

On Wednesday and the balance of the week we meet at 10 a.m. and take care of the Department of Defense appropriations for fiscal year 1986, subject to the granting of a rule, and the possibility exists that we might need to be in session on Friday, November 1.

It is even possible, and I think Members should note this possibility, that we might have to be in on Saturday, November 2, if it becomes necessary in order to pass the debt ceiling extension legislation. That would be the only reason that we would contemplate any possibility of being in session on Saturday. But I think, in fairness, Members ought to crank that into their computers.

That would account for the major part of the program for next week.

Any conference reports, of course, could be brought up at any time, and any other program will be announced later.

Mr. MICHEL. I would assume on Tuesday, prior to consideration of the defense authorization and subject to a rule being granted, we would consider the rule, and that would be the first, or after the rollcalls on Tuesday, we would take up the rule and then proceed immediately to the defense authorization.

Mr. WRIGHT. The gentleman is absolutely correct.

I am advised that the Rules Committee has just voted upon a very simple rule, merely waiving points of order against consideration of the conference committee report.

I do not know whether there would be any conflict or disagreement on the rule; quite possibly not. But we would vote on it obviously.

Mr. MICHEL. Of course then when we are concluded with the authorization, we would go to the rule on defense appropriations, again because that one is subject to a rule?

Mr. WRIGHT. The gentleman is absolutely right, but we would hold that over until the following day and, I think, would take up the rule, with the bill beginning on Wednesday. Coming in at 10 o'clock, I do not know whether we would be able to finish it on Wednesday and Thursday or not. That is why I think Members probably should expect the possibility of being in session on Friday, November 1.

Mr. MICHEL. It has been the feeling of the gentleman from Illinois, if we could at all possibly complete that defense appropriation bill next week, it would be much more preferable than spilling over into the following week when it may very well eat up all that much more time when we go into the next week.

But if I understand correctly, the gentleman is holding out to the House the prospect of Friday and Saturday primarily because of the uncertainty of what might happen on the debt ceiling, is that not correct?

Mr. WRIGHT. The gentleman is absolutely correct. I think Members need to be on notice that there exists that possibility as we near the date on which it will become necessary for Congress to take final action on the extension of the debt ceiling.

Now, with respect to Friday, it is possible we may be in session Friday to complete the Defense Department appropriation bill; not on Saturday. We would not be in on Saturday for that purpose. Only in case we had to be here for purposes of keeping the Government operating with regard to the debt ceiling extension would we come in on Saturday.

Mr. MICHEL. I thank the gentleman.

Mr. Speaker, I yield back the balance of my time.

ADJOURNMENT TO MONDAY, OCTOBER 28, 1985

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. WRIGHT. Mr. Speaker, I ask unanimous consent that business under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

Mr. WALKER. Mr. Speaker, I object.

The SPEAKER pro tempore. The gentleman was not on his feet, and there is no objection.

Mr. WALKER. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. WRIGHT. Mr. Speaker, we will have Calendar Wednesday on next Wednesday, and then we will have the Department of Defense appropriation bill.

PERMISSION FOR COMMITTEE ON EDUCATION AND LABOR TO FILE REPORT ON H.R. 3530, FAIR LABOR STANDARDS AMENDMENTS OF 1985

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent that the Committee on Education and Labor be permitted to file the committee's report on H.R. 3530 (the Fair Labor Standards Amendments of 1985) by midnight tonight, October 24, 1985.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. JEFFORDS. Reserving the right to object, Mr. Speaker, and I will not object, it is my understanding that this is necessary to consider that legislation early next week; is that correct.

Mr. HAWKINS. If the gentleman will yield, that is correct, in order that this bill, the Fair Labor Standards Act, affecting the Garcia decision, will be on the Suspension Calendar Monday or Tuesday at the latest.

Mr. JEFFORDS. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

NATIONAL SCIENCE FOUNDATION AUTHORIZATION ACT FOR FISCAL YEAR 1986

Mr. FUQUA. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 1210), to authorize appropriations to the National Science Foundation for the fiscal year 1986, and for other purposes, with a Senate amendment thereto and concur in the Senate amendment with an amendment.

The Clerk read the title of the bill.

The Clerk read the House amendment to the Senate amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment, insert the following:

That this Act may be cited as the "National Science, Engineering, and Mathematics Authorization Act of 1986".

TITLE I—NATIONAL SCIENCE FOUNDATION AUTHORIZATION

SHORT TITLE

SEC. 101. This title may be cited as the "National Science Foundation Authorization Act for Fiscal Year 1986".

AUTHORIZATION OF APPROPRIATIONS

SEC. 102. (a) There are authorized to be appropriated to the National Science Foundation, for the fiscal year 1986, the sums set forth in the following categories:

(1) Advanced Scientific Computing, $46,230,000.

(2) Astronomical, Atmospheric, Earth, and Ocean Sciences, $359,670,000.

(3) Biological, Behavioral, and Social Sciences, $262,010,000.

(4) Engineering, $169,796,000.

(5) Mathematical and Physical Sciences, $408,820,000.

(6) Scientific, Technological, and International Affairs, $37,770,000.

(7) Program Development and Management, $72,230,000.

(8) Science and Engineering Education, $50,550,000.

(9) United States Antarctic Program, $110,080,000.

(b)(1) Notwithstanding any other provision of this Act, from the amounts authorized under subsection (a)—

(A) not less than $1,000,000 are authorized only for the purposes of the ethics and values in science and technology program; and

(B) not less than $3,000,000 are authorized only for purposes of the Policy Research and Analysis program.

The Foundation shall report to the Committees on Labor and Human Resources and Commerce, Science, and Transportation of the Senate on the distribution of the funds made available under subparagraph (A) of this paragraph not later than December 30, 1986.

(c) In the obligation, use, and expenditure of the amounts appropriated for Biotic Systems and Resources under the authority provided in subsection (a)(3) and for Atmospheric Sciences under the authority provided in subsection (a)(2), emphasis shall be placed on basic scientific research to support a better understanding of the phenomena that contribute to acid rain.

SCIENTIFIC REVIEW PRIOR TO CLOSURE OF A NATIONAL FACILITY

SEC. 103. Of the funds authorized to be appropriated in section 102, no funds shall be expended with respect to closure of a National facility without appropriate scientific review, including review by the National Science Foundation's appropriate advisory committee or committees and the National Science Board.

AVAILABILITY

SEC. 104. Appropriations made under authority provided in sections 102 and 106 shall remain available for obligation for periods specified in the Acts making the appropriations.

OFFICIAL EXPENSES

SEC. 105. From appropriations made under authorizations provided in this Act, not more than $3,500 for fiscal year 1986 may be used for official consultation, representation, or other extraordinary expenses at the discretion of the Director of the National Science Foundation. The determination of the Director shall be final and conclusive upon the accounting officers of the Government.

FOREIGN CURRENCY AUTHORIZATION

SEC. 106. In addition to the sums authorized by section 102, not more than $1,000,000 for fiscal year 1986 are authorized to be appropriated for expenses of the National Science Foundation incurred outside the United States, to be drawn from foreign currencies that the Treasury Department determines to be excess to the normal requirements of the United States.

TRANSFERS AUTHORIZED

SEC. 107. (a) Funds may be transferred among the categories listed in section 102(a), so long as the net funds transferred to or from any category do not exceed 10 percent of the amount authorized for that category in section 102.

(b) The Director of the Foundation may propose transfers to or from any category exceeding 10 percent of the amounts authorized for that category in section 102. An explanation of any such proposed transfer must be transmitted in writing to the Speaker of the House, the President of the Senate, the Committees on Labor and Human Resources and Commerce, Science, and Transportation of the Senate, and the Committee on Science and Technology of the House of Representatives. The proposed transfer may be made only when thirty calendar days have passed after submission of the written proposal.

DATA COLLECTION AND ANALYSIS

SEC. 108. The National Science Foundation is authorized to design, establish, and maintain a data collection and analysis capability in the Foundation for the purpose of identifying and assessing the research facilities needs of universities. The needs of universities, by major field of science and engineering, for construction and modernization of research laboratories, including fixed equipment and major research equipment, shall be documented. University expenditures for the construction and modernization of research facilities, the sources of funds, and other appropriate data shall be collected and analyzed. The Foundation, in conjunction with other appropriate Federal agencies, shall conduct the necessary surveys every 2 years and report the results to the Congress. The first report shall be submitted to the Congress by September 1, 1986.

NATIONAL SCIENCE FOUNDATION ADMINISTRATIVE AMENDMENTS

SEC. 109. (a) The last sentence of section 4(e) of the National Science Foundation Act of 1950 (42 U.S.C. 1863(e)) is amended by striking out "by registered mail or certified mail mailed to his last known address of record".

(b) Section 5(e) of the National Science Foundation Act of 1950 (42 U.S.C. 1864(e)) is amended to read as follows:

"(e)(1) The Director may make grants, contracts, and other arrangements pursuant to section 11(c) only with the prior approval of the Board or under authority delegated by the Board, and subject to such conditions as the Board may specify.

"(2) Any delegation of authority or imposition of conditions under the preceding sentence shall be effective only for such period of time, not exceeding two years, as the Board may specify, and shall be promptly published in the Federal Register and reported to the Committees on Labor and Human Resources and Commerce, Science, and Transportation of the Senate and the Committee on Science and Technology of the House of Representatives. On October 1 of each odd-numbered year the Board shall submit to the Congress a concise report which explains and justifies any actions taken by the Board under this subsection to delegate its authority or impose conditions within the preceding two years. The provisions of this subsection shall cease to be effective at the end of fiscal year 1989.".

(c) Section 12 of such Act (42 U.S.C. 1871) is amended—

(1) by striking out "(a)" after "SEC. 12."; and

(2) by striking out subsection (b).

(d) Section 9 of the National Science Foundation Act of 1950 (42 U.S.C. 1868) is amended to read as follows:

"SPECIAL COMMISSIONS

"SEC. 9. (a) Each special commission established under section 4(h) shall be appointed by the Board and shall consist of such members as the Board considers appropriate.

"(b) Special commissions may be established to study and make recommendations to the Foundation on issues relating to research and education in science and engineering.".

(e)(1) Section 14 of such Act (42 U.S.C. 1873) is amended—

(A) by striking out subsection (b);

(B) by redesignating subsections (c) through (i) as subsections (b) through (h), respectively; and

(C) by adding at the end thereof the following new subsection:

"(i) Information supplied to the Foundation or a contractor of the Foundation by an industrial or commercial organization in survey forms, questionnaires, or similar

instruments for the purposes of subsection (a)(5) or (a)(6) of section 3 may not be disclosed to the public unless such information has been transformed into statistical or aggregate formats that do not allow the identification of the supplier. The names of organizations supplying such information may not be disclosed to the public.".

(2) Sections 3(b) and 15(b)(1) of such Act (42 U.S.C. 1862(b), 1874(b)(1)) are each amended by striking out "14(g)" and inserting in lieu thereof "14(f)".

(f) Section 10 of the National Science Foundation Authorization Act, Fiscal Year 1978 (42 U.S.C. 1873(a)), is repealed.

(g) Section 6(a) of the National Science Foundation Authorization Act, 1976 (42 U.S.C. 1881a(a)) is amended—

(1) by striking out "not to exceed $50,000 per year for a period not to exceed three years" in the last sentence; and

(2) by adding at the end thereof the following new sentence: "The National Science Board will periodically establish the amounts and terms of such grants under this section.".

(h) Section 6 of the National Science Foundation Authorization Act, Fiscal Year 1978 (42 U.S.C. 1884), is repealed; and sections 7, 8, 9, 11, 12, 13, and 14 of such Act are redesignated as sections 6 through 12, respectively.

(i) Section 9 of the National Science Foundation Authorization Act for Fiscal Year 1980 (42 U.S.C. 1882) is amended by inserting "and the National Science Board" after "the Director of the National Science Foundation".

AMENDMENT TO THE NATIONAL SCIENCE FOUNDATION ACT OF 1950 RELATING TO ENGINEERING

SEC. 110. (a) The National Science Foundation Act of 1950 (42 U.S.C. 1861 through 1875) is amended as follows:

(1) Section 3(a)(1) (42 U.S.C. 1862(a)(1)) is amended—

(A) by striking out "engineering,";

(B) by inserting after "other sciences," the following: "and to initiate and support research fundamental to the engineering process and programs to strengthen engineering research potential and engineering education programs at all levels in the various fields of engineering,"; and

(C) by striking out "such scientific and educational activities" and inserting in lieu thereof "such scientific, engineering, and educational activities".

(2) Section 3(a)(2) (42 U.S.C. 1862(a)(2)) is amended by striking out "in the mathematical, physical, medical, biological, engineering, social, and other sciences" and inserting in lieu thereof "for study and research in the sciences or in engineering".

(3) Section 3(a)(3) (42 U.S.C. 1862(a)(3)) is amended—

(A) by inserting "and engineering" after "scientific"; and

(B) by inserting "and engineers" after "scientists".

(4) Section 3(a)(4) (42 U.S.C. 1862(a)(4)) is amended—

(A) by inserting "and engineering" after "scientific"; and

(B) by inserting "and engineering" after "sciences".

(5) Section 3(a)(5) (42 U.S.C. 1862(a)(5)) is amended by inserting "and fields of engineering" after "sciences".

(6) Section 3(a)(6) (42 U.S.C. 1862(a)(6)) is amended by striking out "technical" each place it appears and inserting in lieu thereof "engineering".

(7) Section 3(a)(7) (42 U.S.C. 1862(a)(7)) is amended by inserting "and engineering" after "scientific".

(8) Section 3(b) (42 U.S.C. 1862(b)) is amended by inserting "and engineering" after "scientific" each place it appears.

(9) Section 3(c) (42 U.S.C. 1862(c)) is amended—

(A) by inserting "and engineering" after "scientific" in the first sentence; and

(B) by inserting "and engineering research" after "applied scientific research" in the second sentence.

(10) Section 3(d) (42 U.S.C. 1862(d)) is amended by striking out "basic research and education in the sciences" and inserting in lieu thereof "research and education in science and engineering".

(11) Section 3(e) (42 U.S.C. 1862(e)) is amended by inserting "and engineering" after "sciences".

(12) Section 4(c) (42 U.S.C. 1863(c)) is amended—

(A) by inserting "and engineering" after "scientific" in clause (3) of the first sentence;

(B) by inserting "and engineers" after "scientists" in the second sentence; and

(C) by inserting "the National Academy of Engineering," after "National Academy of Sciences,", and inserting ", engineering," after "scientific", in the third sentence.

(13) The first sentence of section 10 (42 U.S.C. 1869) is amended by striking out "scientific study or scientific work in the mathematical, physical, medical, biological, engineering, social, and other sciences" and inserting in lieu thereof "study and research in the sciences or in engineering".

(14) Section 11 (42 U.S.C. 1870) is amended—

(A) by inserting "or engineering" after "scientific" each place it appears in subsections (c), (d), and (i);

(B) by striking out "technical" and inserting in lieu thereof "engineering" in subsection (g); and

(C) by striking out "scientific value" and inserting in lieu thereof "scientific or engineering value" in subsection (g).

(15) Section 12 (42 U.S.C. 1871), as amended by section 109(c) of this Act, is further amended by inserting "or engineering" after "scientific".

(16) Section 13(a) (42 U.S.C. 1872(a)) is amended—

(A) by inserting "or engineering" after "scientific" each place it appears in the first two sentences;

(B) by inserting "or engineers" after "scientists"; and

(C) by striking out "scientific study or scientific work" and inserting in lieu thereof "study and research in the sciences or in engineering".

(17) Section 13(b) (42 U.S.C. 1872(b)) is amended by inserting "or engineering" after "scientific".

(18) Section 14 (42 U.S.C. 1873), as amended by section 109(e) of this Act, is further amended—

(A) by inserting "or engineering" after "scientific" each place it appears in subsection (e); and

(B) by striking out "technical" in subsection (f) and inserting in lieu thereof "engineering".

(19) Section 15(b) (42 U.S.C. 1874(b)) is amended—

(A) by striking out "technical" in paragraph (1) and inserting in lieu thereof "engineering"; and

(B) by inserting "or engineering" after "scientific" in paragraph (2).

(b) Section 2(b) of the National Science Foundation Authorization Act, 1976 (42 U.S.C. 1869a) is amended by inserting "or engineering" after "science" each place it appears.

AMENDMENT TO SCIENCE AND TECHNOLOGY EQUAL OPPORTUNITY ACT RELATING TO ENGINEERING

SEC. 111. (a) The first section of the National Science Foundation Authorization and Science and Technology Equal Opportunities Act (42 U.S.C. 1861, note) is amended by striking out "Technology" and inserting in lieu thereof "Engineering".

(b) Part B of the National Science Foundation Authorization and Science and Technology Equal Opportunities Act (42 U.S.C. 1885 to 1885(d)) is amended as follows:

(1) Sections 31 (42 U.S.C. 1885) is amended by striking out "Technology" and inserting in lieu thereof "Engineering".

(2) Sections 32(a) (42 U.S.C. 1885(a)) is amended—

(A) by striking out "technology" and inserting in lieu thereof "engineering"; and

(B) by striking out "scientific talent and technical skills" and inserting in lieu thereof "scientific and engineering talents and skills".

(3) The first sentence of section 32(b) (42 U.S.C. 1885(b)) is amended—

(A) by striking out "skills in science and mathematics" and inserting in lieu thereof "skills in science, engineering, and mathematics";

(B) by striking out "technical" and inserting in lieu thereof "engineering";

(C) by striking out "scientific literacy" and inserting in lieu thereof "scientific and engineering literacy"; and

(D) by striking out "technology" and inserting in lieu thereof "engineering".

(4) The second sentence of section 32(b) (42 U.S.C. 1885(b)) is amended—

(A) by striking out "highest quality science" and inserting in lieu thereof "highest quality science and engineering";

(B) by striking out "technology" and inserting in lieu thereof "engineering".

(5) The third sentence of section 32(b) (42 U.S.C. 1885(b)) is amended by striking out "technology" and inserting in lieu thereof "engineering".

(6) Section 33 (42 U.S.C. 1885a) is amended—

(A) by striking out "technology" and "technical" each place they appear and inserting in lieu thereof "engineering";

(B) by inserting ", engineering," after "science" in paragraph (2);

(C) by inserting "and engineers" after "scientists" each place it appears;

(D) by inserting "and engineering" after "science" in paragraph (10); and

(E) by striking out "science, engineering, and technology" in paragraph (11) and inserting in lieu thereof "science and engineering".

(7) Section 34 (42 U.S.C. 1885b) is amended—

(A) by striking out "science education" and inserting in lieu thereof "science and engineering education"; and

(B) by striking out "technology" and inserting in lieu thereof "engineering".

(8) Section 36 (42 U.S.C. 1885c) is amended—

(A) by striking out "TECHNOLOGY" in the heading and "Technology" and "technology" each place they appear, and inserting in lieu thereof "ENGINEERING", "Engineering", and "engineering", respectively; and

(B) by striking out "scientific engineering, professional, and technical" and inserting in lieu thereof "scientific, engineering, and professional".

(9) Section 37(b) (42 U.S.C. 1885d(b)) is amended—

(A) by striking out "technical" each place it appears and inserting in lieu thereof "engineering"; and

(B) by striking out "Technology" in paragraph (3) and inserting in lieu thereof "Engineering".

(10) The heading of such part B is amended by striking out "TECHNOLOGY" and inserting in lieu thereof "ENGINEERING".

PRIVATE SECTOR SURVEY REVIEW

SEC. 112. Within 90 days after the date of the enactment of this Act the Director of the National Science Foundation shall review the recommendations of the President's Private Sector Survey on Cost Control and such other recommendations as may be included in the OMB report "Management of the United States Government—1986", and shall submit a report to the Speaker of the House of Representatives, the President of the Senate, and the appropriate Committees of the House and Senate on the implementation status of each such recommendation which affects the National Science Foundation and which is within the authority and control of the Director.

TITLE II—EDUCATION FOR ECONOMIC SECURITY REAUTHORIZATION

PART A—NATIONAL SCIENCE FOUNDATION MATHEMATICS AND SCIENCE PROGRAMS

MATHEMATICS, SCIENCE, AND ENGINEERING EDUCATION PROGRAMS

SEC. 201. Title I of the Education for Economic Security Act (Public Law 98-377) is amended to read as follows:

"TITLE I—NATIONAL SCIENCE FOUNDATION SCIENCE AND ENGINEERING EDUCATION

"POLICY

SEC. 101. (a) The Congress declares that the science and engineering education responsibilities of the National Science Foundation are—

"(1) to improve the quality of instruction in the fields of mathematics, science, and engineering;

"(2) to support research, fellowships, teacher-faculty-business exchange programs in mathematics, science, and engineering;

"(3) to improve the quality and availability of instrumentation for mathematics, science, and engineering instruction;

"(4) to encourage partnerships in education between local and State education agencies, business and industry, colleges and universities, and cultural and professional institutions and societies; and

"(5) to improve the quality of education at all levels in the fields of mathematics, science, and engineering.

"(b) In exercising its responsibilities to strengthen scientific and engineering research potential and science and engineering education programs at all levels, the Foundation shall avoid undue concentration of support for research and education activities.

"FUNCTIONAL OBJECTIVES; USES OF FUNDS

"Sec. 102. (a) In carrying out its science and engineering education responsibilities, the Foundation shall have the following functional objectives: public understanding of science and technology, faculty enhancement, student education and training, instructional development and instrumentation, and materials development and dissemination.

"(b) Funds under this title shall, consistent with such functional objectives, by used for—

"(1) enhancement of public understanding of science and engineering through informal education activities using a variety of mediums such as broadcasting, museums, clubs, and amatuer science societies;

"(2) development of new science and engineering faculty resources and talents;

"(3) enhancement of the quality of science and engineering instruction in colleges of teacher education;

"(4) development of four-year college faculty and instructors in high technology fields;

"(5) development of two-year community college faculty and instructors especially in high technology fields;

"(6) development of precollege mathematics, science and engineering education and training;

"(7) encouragement of potential students, including underrepresented and underserved populations, to pursue careers in mathematics, science, engineering, and critical foreign languages;

"(8) development of instructional instrumentation and systems for postsecondary technical, engineering, and scientific education; and

"(9) development of science, engineering, and education networks to aid in the development and dissemination of successful curricula, methods, and materials.

"TEACHER INSTITUTES

"Sec. 103. (a) The Foundation shall, in accordance with the provisions of this title, make competitive grants to institutions of higher education, businesses, nonprofit private organizations (including schools), local education agencies, professional engineering and scientific associations, museums, libraries, public broadcasting entities (as defined in section 397(11) of the Communications Act of 1934), and appropriate State agencies to support institutes and workshops for supervisors and teachers in public and private elementary and secondary schools for the purpose of improving the subject knowledge and teaching skills of such teachers in the areas of mathematics and science.

"(b) In making grants under this section, the Foundation shall assure that there is an equitable distribution among States of institutes established and operated with funds made available under this section. The Foundation shall award not less than one institute in each State, except that the Foundation may waive this requirement if there is no proposal from a State which meets the requirements of this title. Proposals which exceed $300,000 in any fiscal year incorporating the services or resources of more than two entities in the design and operation of the institute, may be funded at the discretion of the Director of the Foundation.

"(c) Institutes assisted under this title may, to the extent possible, involve the cooperation of advanced technology businesses and other businesses which are able to supply assistance in the teaching of mathematics and science.

"(d) In making grants under this title, the Foundation shall require assurances that local education agencies will be involved in the planning and development of the institute in the case of applications submitted by other eligible applicants described in subsection (a) of this section, or that one or more such applicants will be involved in the planning and development of the institute in the case of applications submitted by State or local education agencies.

"MATERIALS DEVELOPMENT AND METHODS RESEARCH FOR MATHEMATICS, SCIENCE, AND ENGINEERING

"Sec. 104. (a) The Foundation is authorized, in accordance with the provisions of this title, to award competitive grants to institutions of higher education, businesses, nonprofit private organizations, local education agencies, professional engineering and scientific associations, museums, libraries, public broadcasting entities (as defined in section 397(11) of the Communications Act of 1934), and appropriate State agencies—

"(1) for instructional curriculum improvement and faculty development in mathematics, science, and engineering;

"(2) for programs designed to enhance public understanding of mathematics, science, and engineering, including the use of public broadcasting entities; and

"(3) for research on methods of instruction and educational programs in mathematics, science, engineering, and critical foreign languages.

"(b) Studies conducted under subsection (a)(3) may include—

"(1) teaching and learning research and its application to local and private sector instructional materials development and to improved teacher training programs;

"(2) research on the use of local and informal science education activities;

"(3) research on recruitment, retention, and improvement of mathematics, science, engineering, and critical language faculties; and

"(4) analysis of materials and methods for mathematics, science, and engineering education used in other countries and their potential application in the United States.

"(c) Funds awarded for such competitive grants shall be expended through a system requiring matching of the grant. The minimum amount required as a match shall be equal to a percentage of the grant that is determined by the Foundation. Funds made available for matching purposes may include in-kind services or other resources.

"(d) In making grant applications for materials or methods research for the purposes described in subsections (a)(1) and (a)(3), the Foundation shall assure the involvement of appropriate State or local education agencies in the case of applications submitted by other entities described in subsection (a), or that one or more of such other entities will be consulted in the case of applications submitted by State or local education agencies.

"GRADUATE FELLOWSHIPS

"Sec. 105. The Foundation is authorized, in accordance with the provisions of this title, to establish and carry out a program of graduate fellowships for the purpose of encouraging and assisting promising students to continue their education and research in mathematics, science, and engineering.

"OTHER FUNCTIONAL ACTIVITIES

"Sec. 106. (a) The Foundation is authorized to expend up to 15 per centum of the funds available for science and engineering education for applications which the Foundation determines will meet one or more of the functional objectives described in section 102(b).

"(b) Such programs may include a program for the exchange of mathematics, science, or engineering faculty between institutions of higher education (particularly institutions having nationally recognized research facilities) and eligible institutions. For the purposes of this section, the term 'el-

igible institution' means an institution of higher education which—

"(1) has an enrollment which includes a substantial percentage of students who are members of a minority group, or who are economically or educationally disadvantaged; or

"(2) is located in a community that is not within commuting distance of a major institution of higher education; and

"(3) demonstrates a comitment to meet the special educational needs of students who are members of a minority group or are economically or educationally disadvantaged.

"SCIENCE AND ENGINEERING EDUCATION STRATEGIC PLAN

"SEC. 107. The Foundation shall develop a five-year strategic plan for science and engineering education, to be up-dated on an annual basis, and submitted to the Committee on Labor and Human Resources of the Senate, and the Committee on Science and Technology of the House of Representatives by November 30 of each year.

"APPROVAL OF PROPOSALS

"SEC. 108. The Foundation shall adopt approval procedures designed to assure that awards are made on the basis of the scientific and educational merit as determined by the peer review process. To the maximum extent possible, the Foundation shall assure that there is an equitable distribution of resources with respect to institutions and geographical areas.

"SPECIAL CONSIDERATION OF UNDERREPRESENTED AND UNDERSERVED POPULATIONS

"SEC. 109. In providing financial assistance under this title, the Foundation shall make every effort to ensure that consideration is given to proposals which contain provisions designed to meet the needs of underrepresented and underserved populations.

"AVAILABILITY OF FUNDS

"SEC. 110. Funds to carry out this title for any fiscal year shall be made available from amounts appropriated pursuant to annual authorizations of appropriations for the National Science Foundation for Science and Engineering Education. For fiscal year 1986, funds to carry out this title shall be available from amounts authorized by section 102(a)(8) of the National Science Foundation Authorization Act for fiscal year 1986.

"PROHIBITION AGAINST THE FEDERAL CONTROL OF EDUCATION

"SEC. 111. The provisions of section 432 of the General Education Provisions Act, relating to prohibition against Federal control of education, shall apply to each program and award authorized by this title.

"PARTICIPATION OF TEACHERS FROM PRIVATE SCHOOLS

"SEC. 112. The Foundation shall, after consultation with appropriate private school representatives, make provision for the benefit of teachers in private elementary and secondary schools in the programs authorized by this title, in order to assure equitable participation of such teachers.".

PART B—EDUCATION FOR ECONOMIC SECURITY

DEFINITIONS

SEC. 221. Section 3(1) of the Act is amended by striking out "section 195(2) of the Vocational Education Act of 1965" and inserting in lieu thereof "section 521(3) of the Carl D. Perkins Vocational Educational Act.".

PROGRAM REAUTHORIZATION

SEC. 222. (a) Section 203(b) of the Act is amended—

(1) by striking out "and", and

(2) by inserting after "1985" a comma and the following: "and $350,000,000 for each of the fiscal years 1986, 1987, and 1988".

(b) Section 205 of the Act is amended by striking out "the fiscal years 1984 and 1985" each place it appears and inserting in lieu thereof "the fiscal years 1984, 1985, 1986, 1987, and 1988".

STATE ALLOTMENTS

SEC. 223. (a) Section 204(a)(2) of the Act is amended—

(1) by inserting "(A)" after the paragraph designation;

(2) by striking out "the remaining 10 per centum" and inserting in lieu thereof "9 per centum of such amount"; and

(3) by adding at the end thereof the following new subparagraph:

"(B) The Secretary shall reserve the remaining 1 per centum to carry out the provisions of subsection (c).".

(b) Section 204(c) of the Act is amended to read as follows:

"(c)(1) From the amount reserved for each fiscal year under subsection (a)(2)(B), the Secretary shall allot—

"(A) not less than one-half of that amount to whatever agency the Secretary determines appropriate for programs authorized by this title for children in elementary and secondary schools operated for Indian children by the Department of the Interior; and

"(B) the remainder of that amount among Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands according to their respective needs for assistance under this title.

"(2) The Secretary shall make payments under paragraph (1)(A) on whatever terms the Secretary determines will best carry out the purpose of this title.

ELEMENTARY AND SECONDARY EDUCATION PROGRAM

SEC. 224. (a) Section 206(b)(1)(A) of the Act is amended by striking out "inservice training" and inserting in lieu thereof "training, inservice training,".

(b)(1) Section 206(b)(1)(B) of the Act is amended to read as follows:

"(B) if the local educational agency determines that the agency has met its need for training, inservice training, and retraining under subparagraph (A), subject to the provisions of section 210(c), such training, inservice training, and retraining in the fields of computer learning and foreign languages, and the acquisition of instructional materials and equipment related to mathematics and science instruction.".

(2) The third sentence of section 206(b)(1) is amended by striking out "private" before "organizations,".

(3) The fifth sentence of section 206(b)(1) of the Act is amended by inserting "training," before "inservice training".

(c) Section 206(b)(2)(A) of the Act is amended to read as follows:

"(2)(A) The State educational agency shall distribute 50 per centum of the funds available under this subsection to local educational agencies according to the relative enrollments in public and private nonprofit schools within the school district of such agencies. Such relative enrollments may be calculated, at the option of the State educational agency, on the basis of the total number of children enrolled in public schools and (i) private nonprofit schools, or (ii) private nonprofit schools desiring that their children and teachers participate in programs or projects assisted under this title. Nothing in the preceding sentence shall diminish the responsibility of local educational agencies to contact, on an annual basis, appropriate officials from private nonprofit schools within their school districts in order to determine whether such schools desire that their children and teachers participate in programs or projects assisted under this title.".

(d) The first sentence of section 206(d) of the Act is amended—

(1) by striking out "for demonstration and exemplary programs" in the matter proceeding clause (1); and

(2) by inserting "demonstration and exemplary programs for" immediately after the clause designation in clauses (1), (2), and (3), respectively.

HIGHER EDUCATION

SEC. 225. (a) Section 207(b)(2)(B) of the Act is amended to read as follows:

"(B) retraining of secondary school teachers who specialize in disciplines other than the teaching of mathematics, science, foreign languages, or computer learning to specialize in the teaching of mathematics, science, foreign languages, or computer learning, including the provision of stipends for participation in institutes authorized under title I; and".

(b)(1) Section 207(b)(2)(C) of the Act is amended by striking out "and science" and inserting in lieu thereof a comma and the following: "science, foreign languages".

(2) The second sentence of section 207(b)(2) of the Act is amended by inserting after "science" a comma and the following: "foreign languages".

(c) The first sentence of section 207(c)(1) of the Act is amended—

(1) by striking out "private nonprofit organizations" and inserting in lieu thereof "nonprofit organizations"; and

(2) by inserting "computer learning" immediately before "and critical foreign languages".

STATE ASSESSMENT

SEC. 226. (a)(1) The second sentence of section 208(a) of the Act is amended by striking out "section 210" and inserting in lieu thereof "section 210(b)".

(2) The fourth sentence of section 208(a) of the Act is amended by striking out "first" and inserting "preliminary".

(b) Section 208(c)(1)(E) of the Act is amended by striking out "public" and inserting in lieu thereof "nonprofit".

(c) Section 208 of the Act is amended by adding at the end thereof the following new subsection:

"(d) The Secretary shall prepare and submit to the Congress a summary report of the final version of the assessments submitted by States under subsection (a) as soon as practicable after the receipt of such assessments.".

STATE APPLICATION

SEC. 227. Section 209(b) of the Act is amended—

(1) by striking out "sections 207 and 208" in clause (1) and inserting in lieu thereof "sections 206 and 207";

(2) by striking out "sections 207 and 208" in clause (3) and inserting in lieu thereof "sections 206 and 207";

(3) by striking out "by local educational agencies, institutes of higher education, junior or community colleges, and other organizations for programs described in section 206" in clause (4)(A) and inserting in lieu thereof "for programs described in sections 206 and 207"; and

(4)(A) by striking out "of such funds, be available for" in clause (6) and inserting in

lieu thereof "of such Federal funds, be available from non-Federal sources for";

(B) by striking out "sections 207 and 208" in clause (6) and inserting in lieu thereof "sections 206 and 207"; and

(C) by inserting before the semicolon in clause (6) the following: "from non-Federal sources".

LOCAL EDUCATION ASSESSMENTS

SEC. 228. The first sentence of section 210(c) of the Act is amended—

(1) by striking out "retraining" and inserting in lieu thereof "training, retraining,"; and

(2) by striking out "its funds" and inserting in lieu thereof the following: "all or a portion of its funds".

PARTICIPATION OF CHILDREN AND TEACHERS FROM PRIVATE SCHOOLS

SEC. 228A. (a) Section 211(a) of the Act is amended by inserting "nonprofit" before "elementary".

(b) Section 211(b) of the Act is amended by inserting "nonprofit" before "elementary".

(c) Section 211(c) of the Act is amended by inserting "nonprofit" after "private".

SECRETARY'S DISCRETIONARY FUND FOR PROGRAMS OF NATIONAL SIGNIFICANCE

SEC. 229. (a) Section 212(a) of the Act is amended to read as follows:

"(a) From the amount reserved by the Secretary under section 204(a)(2)(A), the Secretary is authorized to carry out directly, or through grants, cooperative agreements, or contracts, projects which are authorized by this section.".

(b) Section 212(b)(1) of the Act is amended—

(1) by striking out "make grants to" in the first sentence and inserting in lieu thereof "make grants to and enter into cooperative agreements with"; and

(2) by striking out "awarding of grants" in the third sentence and inserting in lieu thereof "awarding of grants and cooperative agreements".

PAYMENTS

SEC. 230. Section 213(a) of the Act is amended by striking out "section 211" and inserting in lieu thereof "section 212".

PART C—PARTNERSHIPS IN EDUCATION FOR MATHEMATICS, SCIENCE, AND ENGINEERING

ADMINISTRATIVE AMENDMENT

SEC. 231. Title III of the Act is amended by striking out "Foundation" wherever it appears (other than in section 303(3)) in such title and inserting in lieu thereof "Secretary".

DEFINITIONS

SEC. 232. Section 303 of the Act is amended:

(1) by inserting "and" at the end of clause (2);

(2) by striking out clauses (3), (4), and (5); and

(3) by redesignating clause (6) as clause (3).

PARTNERSHIP PROGRAM AUTHORIZATION

SEC. 233. Section 304(b) of the Act is amended to read as follows:

"(b) There are authorized to be appropriated $50,000,000 for each of the fiscal years 1986, 1987, and 1988, to carry out the provisions of this title.".

PART D—PRESIDENTIAL AWARDS

AUTHORIZATION AND AVAILABILITY OF FUNDS

SEC. 241. (a) Section 403(a) of the Act is amended to read as follows:

"(a) Funds to carry out this title for any fiscal year shall be made available from amounts appropriated pursuant to annual authorizations of appropriations for the National Science Foundation for Science and Engineering Education. For fiscal year 1986, funds to carry out this title shall be available from amounts authorized by section 102(a)(8) of the National Science Foundation Authorization Act for fiscal year 1986. Not more than $1,000,000 are authorized to be available to carry out this title.".

(b) Section 403(b) of the Act is amended by inserting after "subsection (a)" the following: "and amounts made available under subsection (a)".

PART E—EXCELLENCE IN EDUCATION

PROGRAM REAUTHORIZATION

SEC. 251. Section 604(b)(1) of the Act is amended by striking out "the fiscal years 1984 and 1985" and inserting in lieu thereof "the fiscal year 1984 and each of the succeeding fiscal years ending prior to October 1, 1988,".

PART F—MAGNET SCHOOLS ASSISTANCE

AUTHORIZATION OF APPROPRIATIONS

SEC. 261. Section 701 of the Act is amended by striking out "and 1986" and inserting in lieu thereof "1986, 1987, and 1988".

STATEMENT OF PURPOSE

SEC. 262. Section 703 of the Act is amended to read as follows:

"STATEMENT OF PURPOSE

SEC. 703. It is the purpose of this title to support through financial assistance to eligible local educational agencies—

"(1) the elimination, reduction, or prevention of minority group isolation in elementary and secondary schools with substantial portions of minority students; and

"(2) courses of instruction within magnet schools that will substantially strengthen the knowledge of academic subjects and the grasp of tangible and marketable vocational skills of students attending such schools.".

USE OF FUNDS

SEC. 263. Section 706 of the Act is amended to read as follows:

"USES OF FUNDS

"SEC. 706. Grants made under this title may be used by eligible local educational agencies for—

"(1) planning and promotional activities directly related to expansion and enhancement of academic programs and services offered at magnet schools;

"(2) the acquisition of books, materials, and equipment including computers and the maintenance and operation thereof, necessary for the conduct of programs in magnet schools; and

"(3) the payment of or subsidization of the compensation of elementary and secondary school teachers who are certified or licensed by the State and who are necessary for the conduct of programs in magnet schools;

where with respect to clauses (2) and (3), such assistance is directly related to improving the knowledge of mathematics, science, history, english, foreign languages, art, or music, or to improving vocational skills.".

MODIFICATION OF PROHIBITION

SEC. 264. Section 709 of the Act is amended to read as follows:

"PROHIBITIONS

"SEC. 709. Grants under this title may not be used for consultants, for transportation, or for any activity which does not augment academic improvement.".

TITLE III—LIBRARY SERVICES PROGRAM

LIBRARY SERVICES AND CONSTRUCTION ACT AMENDMENTS

SEC. 301. (a) Section 3(12) of the Library Services and Construction Act (20 U.S.C. 351a(12)) (hereafter in this title referred to as the "Act") is amended by striking out "five-year program" and inserting in lieu thereof "program of not less than three nor more than five years".

(b) Section 3(15) of the Act is amended—

(1) by inserting "by the Secretary of the Interior" after "recognized"; and

(2) by striking out ", as determined by the Secretary after consultation with the Secretary of the Interior".

APPLICABILITY OF PUBLIC LIBRARY PROVISIONS TO HAWAIIAN NATIVE PROGRAM

SEC. 302. (a)(1) The first sentence of section 5(d)(2) of the Act (20 U.S.C. 351c(d)(2)) is amended by striking out "sections 403" and inserting in lieu thereof "sections 402(b), 403,".

(2) The second sentence of section 5(d)(2) of the Act is amended by inserting immediately before the period ", to contract to provide public library services to Native Hawaiians, and to carry out any other activities authorized under this sentence by contract".

(3) Section 5(d)(2) of the Act is amended by adding at the end thereof the following new sentence: "The Secretary shall issue criteria for the approval of applications and plans but the criteria may not include an allotment formula and may not contain a matching of funds requirement.".

(b) Section 6(b)(4) of the Act (20 U.S.C. 351d(b)(4)) is amended by inserting "(as defined in section 703(a) of the Bilingual Education Act)" after "limited English-speaking proficiency".

CORRECTION OF ADMINISTRATIVE COST MISINTERPRETATION

SEC. 303. (a) The references in section 8 of the Act (20 U.S.C. 351f) to "such titles" mean, and shall be construed as meaning, the immediately preceding reference to "titles I, II, and III".

(b) The matter preceding clause (1) of section 102(b)(1) of the Act (20 U.S.C. 353(b)(1)) is amended by striking out "this title" and inserting in lieu thereof "this Act".

MAJOR URBAN RESOURCE LIBRARY RESERVED AMOUNTS

SEC. 304. Section 102(c)(1) of the Act (20 U.S.C. 353(c)(1)) is amended by inserting "(excluding the amount made available for Indian tribes and Hawaiian natives)" after "section 4(a)".

SERVICES TO TRIBES IN STATES WITHOUT INDIAN RESERVATIONS

SEC. 305. Title IV of the Act (20 U.S.C. 361 et seq.) is amended by adding at the end thereof the following new section:

"SERVICES IN STATES WITH INDIAN TRIBES NOT RESIDING ON OR NEAR RESERVATIONS

SEC. 406. The provisions of this title requiring that services be provided on or near Indian reservations, or to only those Indians who live on or near the Indian reservations, shall not apply in the case of Indian tribes and Indians in California, Oklahoma, and Alaska.".

TITLE IV—MINORITY INSTITUTIONS; MIGRATORY CHILDREN PROGRAM

MINORITY INSTITUTIONS SCIENCE IMPROVEMENT PROGRAM AUTHORIZATION

SEC. 401. The General Education Provisions Act is amended—

(1) by redesignating section 406A (as added by the Education Amendments of 1980; 94 Stat. 1497) as section 406B; and

(2) by inserting after such section the following new section:

"AUTHORIZATION OF APPROPRIATIONS FOR SCIENCE IMPROVEMENT PROGRAM

"SEC. 406C. There are authorized to be appropriated $5,000,000 for each of the fiscal years 1985 and 1986 for the purpose of carrying out the Minority Institutions Science Improvement Program transferred to the Secretary of Education from the National Science Foundation by section 304 of the Department of Education Organization Act.".

MIGRATORY CHILDREN RECORDS SYSTEM

SEC. 402. Section 143(a) of the Elementary and Secondary Education Act of 1965 is amended—

(1) by striking out "grants to, or enter into contracts with," and inserting in lieu thereof "enter into contracts with"; and

(2) by adding at the end thereof the following: "For the purpose of ensuring continuity in the operation of such system, the Secretary shall, not later than July 1 of each year, continue to award such contract to the State educational agency receiving the award in the preceding year, unless a majority of the States notify the Secretary in writing that such agency has substantially failed to perform its responsibilities under the contract during that preceding year. No activity under this section shall, for purposes of any Federal law, be treated as an information collection that is conducted or sponsored by a Federal agency.".

TITLE V—HARRY S TRUMAN MEMORIAL SCHOLARSHIP PROGRAM

PROGRAM AMENDMENT

SEC. 501. Section 8 of the Harry S Truman Memorial Scholarship Act is amended by striking out "$5,000" and inserting in lieu thereof "$10,000 (adjusted annually to reflect increases, if any, in the Consumer Price Index for All Urban Consumers, published by the Bureau of Labor Statistics)".

TITLE VI—EDUCATION OF THE HANDICAPPED ACT

EDUCATION OF THE HANDICAPPED ACT AMENDMENTS

SEC. 601. (a) Section 611(c)(2)(A)(II) of the Education of the Handicapped Act (20 U.S.C. 1411(c)(2)(A)(i)(II)) is amended by striking out "300,000" and inserting in lieu thereof "350,000".

(b) Section 611(c)(1)(B) of such Act is amended by striking out "paragraph (3)" and inserting in lieu thereof "paragraph (4)".

EFFECTIVE DATE

SEC. 602. The amendment made by section 601(a) shall take effect on July 1, 1985.

TITLE VII—CARL D. PERKINS VOCATIONAL EDUCATION ACT TECHNICAL AMENDMENTS

TERRITORIAL HOLD HARMLESS

SEC. 701. Section 101(a)(3)(D) of the Carl D. Perkins Vocational Education Act (20 U.S.C. 2311(a)(3)(d)) (hereafter in this title referred to as the "Act") is repealed.

STATE ALLOCATION

SEC. 702. Section 102 of the Act is amended to read as follows:

"WITHIN STATE ALLOCATION

"SEC. 102. (a)(1) Each State shall reserve from its allotment of funds appropriated under section 3(a) for each fiscal year an amount that does not exceed 7 percent of the allotment for State administration of the State plan. If the cost of carrying out the provisions of section 111(b) exceeds 1 percent of a State's allotment of funds appropriated under section 3(a), the State may reserve that excess amount from that allotment in addition to the 7 percent authorized by the preceding sentence.

"(2) The amount reserved under paragraph (1) shall be considered as part of that portion of the State's allotment that is retained for State activities and is not distributed under section 113(b)(4).

"(b) From the remainder of its allotment of funds appropriated under section 3(a), each State shall reserve for each fiscal year—

"(1) 57 percent for activities described in part A of title II; and

"(2) 43 percent for activities described in part B of title II.".

STATE COUNCIL ON VOCATIONAL EDUCATION

SEC. 703. (a) Section 112(b) of the Act is amended to read as follows:

"(b) The State shall certify to the Secretary the establishment and membership of the State council by the beginning of each State plan period described in section 113(a)(1).".

(b) Section 112(d) of the Act is amended by striking out "(d)" and all that follows through clause (1) and inserting in lieu thereof the following:

"(d) During each State plan period described in section 113(a)(1), each State council shall—

"(1) meet with the State board or its representatives to advise on the development of the subsequent State plan;".

(c)(1) Section 112(f)(1)(A) of the Act is amended by striking out "From" and inserting in lieu thereof "Except as provided in subparagraph (B), from".

(2) Section 112(f)(1)(B) of the Act is amended to read as follows:

"(B) From the amounts appropriated pursuant to section 3(c), for each fiscal year, the Secretary shall make grants of $50,000 to the State councils of the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands.".

STATE PLANS

SEC. 704. Section 113(b)(9)(C) of the Act is amended by striking out "not less than" and all that follows through "year" and inserting in lieu thereof "the projects, services, and activities supported under this Act of not less than 20 percent of the participating eligible recipients within the State in each fiscal year".

WITHIN STATE ALLOCATION

SEC. 705. Section 203(a)(3) of the Act is amended to read as follows:

"(3) The State board shall ensure that each eligible recipient that receives funds under paragraph (2) uses those funds to provide vocational education services and activities for individuals with limited English proficiency at least in proportion to the number of such individuals enrolled by that eligible recipient in the fiscal year preceding the fiscal year in which the determination is made as compared to the total number of disadvantaged individuals, including individuals with limited English proficiency, so enrolled in that fiscal year.".

CONSUMER AND HOMEMAKING EDUCATION

SEC. 706. (a) The heading of part B of title III of the Act is amended to read as follows:

"PART B—CONSUMER AND HOMEMAKING EDUCATION".

(b)(1) The first sentence of section 311 of the Act is amended by striking out "homemaker" and inserting in lieu thereof "homemaking".

(2) The heading of section 311 of the Act is amended to read as follows:

"CONSUMER AND HOMEMAKING EDUCATION GRANTS".

(c)(1) Subsection (b) of section 312 of the Act is amended by striking out "homemaker" and inserting in lieu thereof "homemaking" both places it appears.

(2) The heading of section 312 of the Act is amended to read as follows:

"USE OF FUNDS FROM CONSUMER AND HOMEMAKING EDUCATION GRANTS".

(d) The table of contents of the Act is amended by striking out the items relating to part B of title III and sections 311 and 312 and by inserting in lieu thereof the following:

"PART B—CONSUMER AND HOMEMAKING EDUCATION

"Sec. 311. Consumer and homemaking education grants.

"Sec. 312. Use of funds from consumer and homemaking education grants.".

CONSUMER AND HOMEMAKING EDUCATION STATE LEADERSHIP

SEC. 707. Section 313(b) of the Act is amended by striking out "to carry out leadership activities under this section." and inserting in lieu thereof "for State administration of projects, services, and activities under this part.".

CAREER GUIDANCE AND COUNSELING STATE LEADERSHIP

SEC. 708. Section 333(b) of the Act is amended by striking out "to carry out leadership activities under this section." and inserting in lieu thereof "for State administration of projects, services, and activities under this part.".

AUTHORIZATION OF GRANTS

SEC. 709. Section 342(c) of the Act is amended by striking out "subsection (b)(2)" both places it appears and inserting in lieu thereof "subsection (b)(3)".

MODEL CENTERS FOR VOCATIONAL EDUCATION FOR OLDER INDIVIDUALS

SEC. 710. Section 417(b) of the Act is amended by inserting "shall" immediately after "subpart".

FEDERAL SHARE

SEC. 711. (a) Section 502(a) of the Act is amended in the introductory clause by striking out "shall be" and inserting in lieu thereof "shall not exceed".

(b)(1) Section 502(a)(2) of the Act is amended by striking out "not to exceed".

(2) Section 502(b) of the Act is amended by adding at the end thereof the following new sentence: "The non-Federal contributions for the costs of vocational education programs, services, and activities for the disadvantaged from local sources may be in cash or in kind, fairly valued, including facilities, overhead, personnel, equipment, and services, if the eligible recipient determines that it cannot otherwise provide such contribution.".

TRANSITION

SEC. 712. The matter preceding clause (1) of section 3(a) of Public Law 98-524 (98 Stat. 2487) is amended to read as follows: "Until July 1, 1986, a State or eligible recipient may use funds received under the Vocational Educational Act of 1963 or the Carl D. Perkins Vocational Education Act to—".

TECHNICAL AMENDMENTS

SEC. 713. (a)(1) Section 113(b)(10) of the Act (20 U.S.C. 2323(b)(10)) is amended by inserting "of 1981" after "Education Consolidation and Improvement Act".

(2) Section 113(b)(11) of the Act is amended by inserting "provide assurances" before "that".

(3) Section 504(d)(1) of the Act is amended by striking out "section 434(c)" and inserting in lieu thereof "section 453".

(4) Section 521(15) of the Act is amended by inserting "or language" immediately after "speech".

(b)(1) Section 4(a)(1)(A) of Public Law 98-524 is amended by striking out "section 4(14)" and inserting in lieu thereof "section 521(19)".

(2) Section 4(a)(6)(D) of Public Law 98-524 is repealed.

EFFECTIVE DATE

SEC. 714. (a) The provisions of this title shall take effect July 1, 1985.

(b) The amendment made by section 703(c)(2) of this Act shall not apply to funds appropriated before the date of the enactment of this Act.

TITLE VIII—HIGHER EDUCATION PROGRAMS

NATIONAL DIRECT STUDENT LOAN APPORTIONMENT

SEC. 801. (a) Section 12 of the "Student Financial Assistance Technical Amendments Act of 1982" is amended—

(1) by inserting "(a)" after the section designation; and

(2) by inserting at the end thereof the following new subsection:

"(b) Notwithstanding subsections (a) and (b) of section 462 of the Higher Education Act of 1965, if in the fiscal year 1986 the sums appropriated pursuant to section 461(b)(1) of the Higher Education Act of 1965 are less than the sums appropriated pursuant to such section for the fiscal year 1980, the Secretary shall apportion the sums appropriated pursuant to section 461(b)(1) of the Higher Education Act of 1965 for such fiscal year among the States so that each State's apportionment bears the same ratio to the total amount appropriated as that State's apportionment in fiscal year 1980 bears to the total amount appropriated pursuant to section 461(b)(1) for the fiscal year 1980.".

(b) The amendments made by this section shall take effect October 1, 1985.

NATIONAL GRADUATE FELLOWS PROGRAM

SEC. 802. The last sentence of section 931(a) of the Higher Education Act of 1965 is amended to read as follows: "In the fiscal year beginning October 1, 1985, and each succeeding fiscal year, all funds appropriated in each fiscal year shall be awarded to students by April 1 of the fiscal year for which the funds were appropriated. All funds appropriated in a fiscal year shall be obligated and expended to the students for fellowships for use in the academic year beginning after July 1 of the fiscal year for which the funds were appropriated. The fellowships shall be awarded for only 1 academic year of study and shall be renewable for a period not to exceed 4 years of study.".

Mr. FUQUA (during the reading). Mr. Speaker, I ask unanimous consent that the House amendment to the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objections to the request of the gentleman from Florida?

Mr. LUJAN. Mr. Speaker, reserving the right to object, and I shall not object, I take this reservation in order to ask the gentleman from Florida if he would kindly explain the contents of the legislation.

Mr. FUQUA. Mr. Speaker, will the gentleman yield?

Mr. LUJAN, I yield to the chairman of the committee, the gentleman from Florida [Mr. FUQUA].

Mr. FUQUA. Mr. Speaker, I thank the gentleman for yielding so that the amendment we have worked out together to the Senate passed version of H.R. 1210, the National Science Foundation Authorization Act for fiscal year 1986, can be explained.

I want to especially thank the chairman of the subcommittee DOUG WALGREN, as well as the ranking Republican member of the committee, Mr. LUJAN, and the ranking Republican member of the subcommittee, Mr. BOEHLERT for their hard work and cooperation in the development of this legislation, and more particularly, this amendment.

I also want to thank our colleagues on the Committee on Education and Labor, Chairman HAWKINS and ranking Republican member of the committee, Mr. JEFFORDS, as well as the chairman of the Subcommittee on Postsecondary Education, Mr. FORD, and the ranking Republican member, Mr. COLEMAN, for their outstanding cooperation and diligent efforts to reconcile any differences with the other body over those matters added to H.R. 1210 that are within their jurisdiction.

H.R. 1210 was considered by the Committee on Science and Technology early this year, and passed the House on April 17. In the other body, two committees considered the NSF authorization—the Committee on Commerce, Science, and Transportation and the Committee on Labor and Human Resources. I am delighted that these two committees were able to work together and come up with a bill which was passed on September 26. This action allows Congress to move forward with an authorization for the National Science Foundation, for the first time in 5 years.

There were a number of differences between the House-passed and Senate-passed versions of H.R. 1210. The bill before us amends the Senate-passed bill. These amendments were discussed with the Senate Committees on Labor and Human Resources, and Commerce, Science, and Transportation and we believe they will be satisfactory and acceptable to the other body.

Let me point out the main points of difference and how they were resolved:

In the budget line items, the two Houses had authorized the same amounts in four categories, the Senate had authorized more than the House in four categories, and less than the House in one category. Where the figures were at variance, the committee accepted the figures in the Senate-passed bill. Total funds authorized for NSF for fiscal year 1986 are $1,518,156,000, or about $16 million more than the House authorized. The total amount is, however, $51 million less than the original administration request for fiscal year 1986.

Both bills contained a mandate that not less than $1 million be authorized for the Ethics and Values in Science and Technology Program. The House provision to authorize $3 million for the Policy Research and Analysis Program was retained, as was the House provision for an emphasis on basic scientific research on acid rain.

The House had passed an amendment to the National Science Foundation Act of 1950, which removed the requirement that NSF Assistant Directors be appointed by the President and approved by the Senate. The Senate bill had no such provision, and it is not included in this amendment.

The Senate's amendment contained language, not requested by the administration, to indemnify contractors associated with the Ocean Drilling Program. The House had no similar language. It was decided to go with the House-passed bill in this instance, and the language is not included in this amendment.

Both Houses amended the NSF Act to provide for limited delegation of award approval authority by the National Science Board to the NSF Director. The amendment before us today includes the House provision on such authority, plus additional language to terminate the authority in 4 years, which will permit Congress the opportunity to reevaluate this delegation of authority at that time.

Both Houses included an amendment to the NSF Act that would add fundamental engineering research to NSF's mission, which is retained in this amendment. This will authorize the initiation of fundamental engineering research and education parallel to current NSF functions relating to basic science and education. A similar amendment was adopted by the Science and Technology Committee and the House in the 98th Congress.

Both Houses included a provision that no funds shall be expended with respect to closure of a national facility without appropriate scientific review. Authorization was also included in both bills for the Foundation to establish and maintain a permanent data collection and analysis capability to assess the research facilities needs of universities. These provisions are retained in this amendment.

The Senate bill amended and reauthorized the Education for Economic Security Act (Public Law 98-377), and included it as title II of H.R. 1210. The House-passed bill did not contain that language.

In the House amendment to H.R. 1210, before us today, part A of title II sets forth the policy and functional objectives of NSF in regard to its science and engineering education responsibilities, and outlines programs

which the Foundation will carry out. I believe Mr. WALGREN intends to speak more in detail on these science and engineering responsibilities and programs.

Presidential awards for teaching excellence in mathematics and science to elementary and secondary teachers, outlines in part D of title II of H.R. 1210, are authorized from the science and engineering education category for fiscal year 1986 by this amendment.

Other parts of Public Law 98-377, responsibility for which previously was shared jointly by the National Science Foundation and the Department of Education, were amended by the other body to make them solely the responsibility of the Department of Education. These parts of the bill, as well as those originally under that Department, have been handled in the House by the Committee on Education and Labor.

I would urge my colleagues to vote for H.R. 1210, so that we may once again assert our authorizing responsibilities in the Congress.

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Mr. LUJAN. I thank the gentleman for his explanation.

Mr. Speaker, further reserving the right to object, I rise in strong support of the unanimous consent request made by the chairman of the Science and Technology Committee to amend H.R. 1210, as amended by the Senate on September 26, 1985.

This is a great occasion for the science, engineering, and education community of the United States, and that includes the legislative and executive branches of the Federal Government. For several years now the House has successfully passed legislation to reauthorize funding and programs for the activities of the National Science Foundation. There have been, unfortunately, circumstances with the Senate that have prohibited similar action. This year both the House and Senate have passed a NSF authorization bill.

At this time, I would like to extend sincere thanks to Senate majority leader, Senator DOLE, Senators DOMENICI, HATCH, DANFORTH, and GORTON for their coordinated efforts in resolving those issues which have held this legislation up. Similarly, their minority counterparts are to be commended likewise for their cooperative spirit, Senators KENNEDY, HOLLINGS, and RIEGLE.

The amendment proposed by the gentleman from Florida, Mr. FUQUA, also involves the Education Committees in the House and Senate. As the ranking Republican member of the Science and Technology Committee, I will address my comments to those provisions of the bill which directly affect the National Science Foundation and allow my fellow colleagues from the Education Committee to address those provisions amending the Department of Education.

The Congress, the American newspapers, and the business community has been preoccupied by discussions of the decline of the United States in the international market, the rise in the Federal deficit, and the imbalance in foreign nations' trade policies. So very often the question comes up as to what are we going to do to remedy the negative factors the American business community is so concerned about. And once again the American taxpayer asks, What is Congress doing to address these situations.

The measure before us today provides Congress an excellent opportunity to inform the American citizens that Congress is responding. Too often we focus on the negatives, but let me tell you why we should focus on the positive. We have an asset in the United States that is the focus of jealousy for the rest of the world.

We have mastered it, nurtured it, and even shared it. We are often reprimanded for giving it away for free. It is the basic research done by scientists and engineers. It has made our universal mark on history and it is the key to future success.

We fund it through a variety of institutional arrangements, whether that be within our educational institutions, our Federal laboratories, or industrial complexes. And we support it through a variety of mechanisms: through Federal dollars, tuition, consumer prices, and so forth. And we have been seeking to further strengthen it by partnerships, technology transfer, tax, and trade incentives.

The National Science Foundation is one example of how we are funding it, supporting it, and seeking to further strengthen it. Approximately 95 percent of NSF funds leave the agency to support scientists, engineers, and educators, to purchase an array of instrumentation and equipment, to support teams of American researchers in international endeavors as well as on own shores. They are tackling essential and basic problems facing our American industry, and they are doing what no other country does better, pushing further for answers to secrets of the unknow. NSF, as part of the U.S. R&D enterprise, bridges the science and technology with the needs of our economy. I believe that the $1.52 billion being authorized in this bill will have a return many times greater because of the role basic research and technology plays in our national well-being.

Mr. BOEHLERT. Mr. Speaker, will the gentleman yield?

Mr. LUJAN. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from New York.

Mr. BOEHLERT. I would like to compliment the chairman of our committee and the ranking minority member for the excellent cooperation that has been evidenced all through the proceedings on this very important legislation.

Mr. Speaker, I rise in strong support of the request made by Mr. FUQUA to accept under unanimous-consent request an amendment to H.R. 1210, as amended by the Senate on September 26, 1985. As has been stated by other Members in the Chamber today, this is truly a spectacular occasion.

The House has long awaited the opportunity to work with the Senate on legislation to reauthorize programs and funds for the National Science Foundation [NSF] and to respond to the demands of the educational system of this Nation as we face increasing technological change.

There are several people I would like to acknowledge at this time, particularly the leadership in the Senate, members of the Senate Committees on Labor and Human Resources and Commerce, Science and Transportation. Likewise, in the House, I have been pleased to work with the Committee on Education and Labor. As the ranking Republican member of the subcommittee which first brought this measure to the full House early this spring, I commend my fellow colleagues on the Science and Technology Committee and other Members who previously served on the committee in the 97th and 98th Congress. For 4 repeated years we have collaborated in a bipartisan manner to bring forward authorization requests for NSF.

We have faced some very challenging national issues: The present and future educational and manpower needs of the United States in science, mathematics, and engineering, inadequacies in the recognition of our Nation's education profession, the rising cost of basic research, the need for further investment in equipment and instrumentation, and the necessary investment in developing fields and disciplines of science, to name only a few.

We have debated the role of basic and applied research and develpment in our Federal laboratories, the nature of collaboration between the university community and industry, where and when national security clash with the publishing of scientific and engineering research. And we have discussed resource needs of national research and educational facilities, balancing "big" science with "small" science, the U.S. role in international science and engineering community, and the role of peer review in the funding of science through Federal dollars.

Mr. Speaker and Members of the House, I am pleased to speak about the broad range of funding in the legislation before you. With the $1.52 bil-

lion authorized for expenditure by NSF, engineering research centers will be funded at several universities, providing undergraduate and graduate students an opportunity to work with university and industry researchers on fundamental processes affecting the manufacturing and technological changes needed to advance the U.S. economy. National supercomputer facilities will be made available to a broad range of scientific disciplines. Use of and research on present computer architecture and software will continue as the demand to meet the information age of technology increases.

There are innumerable other programs, whether very large in scale or small in number, that will be funded through the NSF—all with the same goal of furthering the investment in scientific and engineering research and education manpower.

The committee is very proud of the NSF, its personnel and those supported by their funds. I commend Mr. Erich Bloch and Dr. Roland Schmidt for the leadership they are providing, and I stand willing to assist the community in seeing that this bill receive the status as a public law.

Mr. WALGREN. Mr. Speaker, will the gentleman yield?

Mr. LUJAN. Further reserving the right to object, Mr. Speaker, I yield to my friend, the gentleman from Pennsylvania.

Mr. WALGREN. I thank the gentleman for yielding.

Mr. Speaker, as chairman of the Subcommittee on Science, Research and Technology, I want to extend my respect and commendation to those in the leadership of both our Science and Technology Committee as a whole, Chairman FUQUA, the ranking minority member of my subcommittee, the gentleman from New York [Mr. BOEHLERT], the ranking minority member of the full committee and those on the Education and Labor Committee for bringing this to the point where we now are about to see become law not only a good educational piece but an authorization for the National Science Foundation which will be the first authorization going into law since 1980. That is a long period of time. I think the Foundation should be commended on its responsiveness to the authorizing committees of the House of Representatives in that time period, that gap, but this is a very important matter that we get into law.

Mr. Speaker, in the context of revising and extending, I will submit a statement that discusses particularly title II of H.R. 1210, which lays out for some legislative history the points that are covered in that part of the conference report, from our perspective, in hopes that that will be some way of highlighting the elements of that part of the bill that set out some goals and functions for the educational component of the National Science Foundation's work in this area.

Mr. Speaker, I welcome this opportunity to speak in support of H.R. 1210, the National Science, Engineering, and Mathematics Authorization Act of 1986. As chairman of the Subcommittee on Science, Research and Technology, I want to thank Chairman FUQUA of the Science and Technology Committee and Chairman HAWKINS of the Education and Labor Committee for their leadership in bringing this amendment to the House for consideration. We believe this amendment will be favorably received by the other body which could result in the first National Science Foundation authorization bill since 1980.

The bill before us today not only provides for authorization of appropriations for the NSF for fiscal year 1986 but, more importantly, it makes several changes in the National Science Foundation Act of 1950 to enhance the mission of the Foundation. Among these changes is the elevation of engineering research to the same level as basic scientific research in the Foundation's priorities.

Since Mr. FUQUA has discussed many of these features, I will direct my comments to title 11 of H.R. 1210 which amends title 1 of the Education for Economic Security Act—Public Law 98-377.

The amendment to H.R. 1210 before us today enumerates policies and objectives for the science and engineering education functions of the Foundation. These policies and objectives—not included in the Senate version of H.R. 1210—are intended to provide broad, long-term goals for the Foundation in education activities. Objectives for science and engineering education include the enhancement of public understanding of mathematics, science, and engineering; faculty improvement; student education; and instructional and teaching materials development. These statements of policies and objectives are important contributions to H.R. 1210 because they set forth clear and comprehensive goals for science education activities for many years to come.

H.R. 1210, as amended by the Senate, authorizes specific programs in the science and engineering education programs in the Foundation. The House amendment renews and expands the teacher institutes as established under Public Law 98-377. NSF support for these teacher institutes would continue in the form of competitive grants to institutions of higher education. A new and important feature added by the House amendment is that various entities including businesses, nonprofit organizations, professional societies, museums, libraries, public broadcasting, and State education agencies are eligible to receive support for conducting teacher institutes. This amendment encourages the development of partnerships to support and conduct teacher institutes and workshops, and the development of institutes which could serve teachers in more than two States or within a broad geographical area. Also, the limit on a teacher institute of $200,000 in Public Law 98-377 was raised to $300,000 in the Senate amendment and is included in the bill before us today.

The House amendment expands the programs authorized in title I of Public Law 98-377 to include methods research, as well as materials development and dissemination of instructional programs. The House amendment also provides that funds for this program be awarded on a system of competitive matching grants. The matching grant provision was included to motivate participation, and to increase the percentage of matching resources or in-kind services contributed by the public and private sectors, such as publishers and public broadcasting entities. The involvement of educational publishers is essential to the effective development of instructional materials, and we will carefully monitor the ability of the Foundation to stimulate private-sector support and expertise in these activities.

Within the materials development and methods research activity, the Foundation would assure the involvement of State or local education agencies. the purpose of this program is to improve instructional curriculum, enhance public understanding of science and mathematics, and conduct research on methods of instruction. I want to point out the strong emphasis on collaborative efforts among various groups and institutions for activities in both the teacher institutes program and the materials development and research program.

Graduate fellowships are continued for the purpose of encouraging promising students to continue their education and research in mathematics, science, and engineering. This program is of particular importance to the quality of science and mathematics education in light of the current and projected shortage of undergraduate faculty in these areas.

The discretionary fund of the Director established in title I of Public Law 98-377 is changed by the House amendment. The amendment specifies that up to 15 percent of the science and engineering education funds are authorized for activities that promote faculty exchange between institutions of higher education and research with those institutions serving minority students, and for innovative programs in addition to those specified in title I as amended by the House.

The House amendment also includes a requirement, not in the Senate amendment, for a 5-year plan for science and engineering education, to be updated on an annual basis. The plan will assist the NSF and the Congress in identifying areas of priority and progress by the Foundation. We anticipate the plan will include an assessment of national science and engineering needs, identification of NSF programs and priorities to accomplish the policy and functional objectives as defined in this amendment, the timeframes in which these activities will be accomplished, and the resources necessary to achieve the objectives of the strategic plan.

H.R. 1210 reemphasizes various provisions regarding the approval of applications based on scientific and educational merit, as well as equitable geographical and institutional distribution, the consideration of proposals that meet the needs of underrepresented and underserved populations, the prohibition of any Federal control of education, and the inclusion of private-school teachers in the activities outlined in this bill.

The House accepted the Senate provision to authorize funds for title I and title IV of Public Law 98-377 for fiscal year 1986 from the amounts authorized for the science and engineering education category of the National Science Foundation Authorization Act for fiscal year 1986. The House amendment further specifies that funds to carry out these two titles for any fiscal year shall be made available from annual appropriations.

Mr. JEFFORDS. Mr. Speaker, will the gentleman yield?

Mr. LUJAN. Mr. Speaker, further reserving the right to object, I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Speaker, I want to thank the chairman, Mr. FUQUA, and ranking Republican, Mr. LUJAN, on the Science and Technology Committee for working with the Education and Labor Committee on the education amendments which were added to H.R. 1210 by the Senate. I also want to thank the chairman of the Education and Labor Committee, Mr. HAWKINS, for working closely with this side to come up with a set of amendments that enjoy bipartisan support.

Last fall we enacted the Carl D. Perkins Vocational-Technical Education Act. This past year has served as a period of transition. During this time, several desired changes were brought to our attention by the administration and vocational educators in the field. Through the provisions in this bill, we have addressed these issues. Although most are clarifying in nature, their substance will allow the programs to work more efficiently. In the case of the required match under the programs for the disadvantaged, these amendments will indeed enable some areas to operate programs rather than refuse Federal funds and not serve those students most in need.

Without reauthorization the Education for Economic Security Act would lapse. This law is commonly referred to as the math-science bill and has provided incentives to local school districts to develop innovation programs in math and science. It also encourages teacher training in these areas of critical need. The amendments in this bill authorize the program through 1988 and make technical changes similar to those included in H.R. 3023, a bill I introduced earlier this year. The Appropriations Committee did not include funding for this program in its Labor-HHS bill, citing lack of authorizing languages as its rationale. This amendment is critical to sustaining these programs which have just begun.

Two items of particular import to small population States such as Vermont, are the small State administrative cap under Public Law 94-142, education for all handicapped children, and NDSL apportionment.

Under Public Law 94-142, the administrative cap for 12 small States was set at $300,000. Many of the States have reached that cap, and thus were limited in their ability to provide such services as technical assistance, parent training, program evolution, and monitoring and curriculum development. These amendments increase this cap to $350,000 to reflect the need expressed by these small States. While this amendment provides temporary relief for these States, the need remains for a more permanent solution.

The amendment regarding NDSL apportionment extends the authority that assures that each States apportionment bears the same ratio to the total amount appropriated as the apportionment for each State in fiscal year 1980. For some States, this provision retains up to one-half of its NDSL allocation. In Vermont, this figure amounts to approximately $400,000.

Other provisions are included in the amendments attached to this bill. They include language which requires the Secretary of Education to contract for the migratory children records system by July 1 of each year and to provide notification of National Graduate Fellow Awards by April 1 of each year. Further, the excellence in eduction, magnet school assistance, and minority institutions science improvement programs are extended. Finally, the cap of $10,000 indexed to the CPI is authorized for the Harry S. Truman Memorial Scholarship Program.

The education provisions in this bill are product of a cooperative effort between the Senate, House, Department of Education, and various educational groups. As such, they enjoy broad bipartisan support in both bodies. I would urge my colleagues to join me in voting for passage of this legislation.

Mr. HAWKINS. Mr. Speaker, I rise in support of the House amendment to H.R. 1210, as amended by the Senate. As regards the programs administered by the Department of Education, we are substantially accepting the Senate bill with minor, technical modifications.

H.R. 1210, in general, reauthorizes the activities of the National Science Foundation, but the legislation also amends certain programs within the Department of Education. The major amendment extends for 3 years certain education programs authorized by Public Law 98-377, the Education for Economic Security Act.

First, the mathematics and science education improvement programs under that act would be extended through fiscal year 1988. For fiscal year 1985, $100 million was distributed to school districts through this program to train teachers and undertake other activities to improve math and science at the elementary and secondary education level. This inital appropriation has provided valuable seed money to begin to address the teacher shortages in these vital areas. The bill before us today will ensure that this effort is not thwarted even as school districts are just beginning to implement these programs.

Second, the bill extends through fiscal year 1988 two other education programs authorized by Public Law 98-377. These include the Magnet School Assistance Program to encourage school districts to develop schools with special curricula to attract students from all around the school district to enroll; and the Excellence in Education Program to fund model programs for school reform carrying out recommendations of the National Commission on Excellence in Education.

Third, the bill makes minor but necessary technical amendments to the Carl D. Perkins Vocational Education Act, the Library Services and Construction Act, and other education statutes.

Fourth, the bill reauthorizes the Minority Institutions Science Improvement Program for fiscal year 1986, and also revises a hold-harmless provision for national direct student loans and increases the amount States may retain in the Education of the Handicapped Act.

Mr. Speaker, I would like to commend Chairman FUQUA and the members and staff of the Committee on Science and Technology for being so cooperative with the Committee on Education and Labor in resolving the issues addressed in this bill.

We believe the other body has developed a sound bill that we can accept with just a very few modifications that have been worked out with the other body. I urge the Members to support this reauthorization bill.

Mr. SKEEN. Mr. Speaker, I rise to call the attention of my colleagues to an especially important provision of H.R. 1210, which amends the National Science Foundation Organic Act of 1950 in order to clarify and emphasize the Foundation's respon-

sibility for fundamental engineering research and education. Along with my good friend from California, GEORGE BROWN, I sponsored similar legislation during the 98th Congress, which this body unanimously approved. I would like to commend the National Science Foundation for including this provision in H.R. 1210, and urge your support.

The purpose of this provision is to more clearly establish the role of the National Science Foundation in supporting our Nation's base of research and talent in both science and engineering. While NSF currently operates a healthy engineering program, it does so without the benefit of a well-defined engineering mission. By explicitly recognizing the important role of NSF in supporting fundamental engineering research and education, we will strengthen the ability of the Foundation to address critical national issues.

If our Nation is to remain competitive in world technology markets, we must maintain and improve our base of university research and talent, both of which are essential ingredients for innovation and technological progress. Under the able leadership of Erich Block and Nam Suh, the National Science Foundation has been making significant gains in meeting engineering research and education needs. With the passage of an engineering mission change, the contribution of NSF to American excellence in science and engineering will be even greater. By bringing science and engineering closer together in the Federal structure, the overall climate for innovation can only improve.

Mr. GOODLING. Mr. Speaker, I rise to speak in support of H.R. 1210, the reauthorization of the National Science Foundation. This legislation contains provisions which amend several programs which are under the jurisdiction of the Elementary, Secondary, and Vocational Education Subcommittee, of which I am the ranking member.

I first want to thank the chairman, Mr. FUQUA, and ranking Republican, Mr. LUJAN, of the Science and Technology Committee for working with my committee on these provisions. I also commend the chairman of the Education and Labor Committee, Mr. HAWKINS, for his effort to create a package of amendments that have bipartisan support.

The reauthorization of the Education for Economic Security Act is vitally important. Without this action the Math-Science Program could come to a halt after only 1 year of operation. The Appropriations Committee did not include funding for this program in its Labor-HHS bill, citing the lack of authorizing language as a major reason for this action. Teacher shortages in the math and science area are increasing and the need to improve instruction in these vital areas continues to be cited in major educational reports. Thus the conditions that lead to the original enactment of this legislation continue, and the program itself is only taking effect this school year.

Last year we authorized the Carl D. Perkins Vocational Education Act. During this reauthorization process we made many significant changes in the legislation aimed at focusing Federal resources on the twin areas of access and improvement. The amendments to this act included in H.R. 1210 are largely technical and will improve the operation of the program. Brought to our committee's attention by the Department of Education and vocational educators in the field, they enjoy bipartisan support in both bodies.

In addition, these amendments would reauthorize the Excellence in Education Program, the Magnet Schools Assistance Program, and provide greater continuity in the migratory children records system.

The cooperative effort that went into the creation of these amendments should be applauded and will result in significant improvements in the operation of the programs with the end result being better serices for students. I would urge my colleagues to join me in supporting this legislation and voting for its passage.

Mr. LUJAN. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

The SPEAKER pro tempore. Is there objection to the initial request of the gentleman from Florida?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. FUQUA. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the legislation just considered, H.R. 1210.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

EXTENSION OF AUTHORITY TO ESTABLISH AND ADMINISTER FLEXIBLE AND COMPRESSED WORK SCHEDULES FOR FEDERAL GOVERNMENT EMPLOYEES

Mr. ACKERMAN. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from further consideration of the bill (H.R. 3605) to provide that the authority to establish and administer flexible and compressed work schedules for Federal Government employees be extended through December 31, 1985, and ask for its immediate consideration.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. HORTON. Mr. Speaker, reserving the right to object, I will not object, but I take this time to ask the gentleman from New York [Mr. ACKERMAN] if he will explain this bill.

Mr. ACKERMAN. Mr. Speaker, H.R. 3605 is a noncontroversial bill which has been cleared with the minority. It is an emergency measure which will permit the continuation of alternative work schedules which are not being used by more than 300,000 Federal employees. The present authority is due to expire on October 31. We must act today because October 31 occurs in the middle of a pay period for most Federal agencies. H.R. 3605 is essential if we are to avoid the unnecessary and costly disruption which would occur if the authority for these programs were to lapse.

The House has already approved H.R. 1534, to give permanent authorization for the Flexible and Compressed Work Schedules Program. For reasons unrelated to the program, the other body has delayed action on the House bill. I am optimistic that we will see action on permanent authorization before the end of this session, especially in light of the fact that this gentleman will be very reluctant to bring an additional temporary reauthorization before this House. In the meantime, we need this temporary extension, and I urge my colleagues to support it.

Mr. HORTON. Mr. Speaker, further reserving the right to object, I plan to support the bill. I urge the Members to support it. OPM has indicated their agreement with the bill. As the gentlemen explained, it only allows the additional time for the Senate to act so that they can arrive at a permanent bill.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. HORTON. Further reserving the right to object, Mr. Speaker, I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman from yielding.

Mr. Speaker, I want to commend the gentleman from New York, the subcommittee chairman, for bringing the bill to the floor at this time, and I thank the ranking minority member for his support of the measure.

Mr. Speaker, I rise in support of H.R. 3605, an act to extend the Federal Employees Flexible and Compressed Work Schedules Act to December 31, 1985.

Since the authorization by Congress in 1978 of experimental programs in the use of flexible and compressed work schedules, the great majority of comments concerning this program have been very positive.

The experimentation, sometimes referred to as "flexitime," afforded Federal public employees the opportunity to participate in a number of work schedule designs other than the traditional 5-day, 40-hour work week.

The program has not been without some weaknesses when used improperly outside the framework of management consultation, but as with the private sector experience, flexible work schedules result in innumerable benefits; increased usage of buildings and equipment, decreased traffic congestion, improved attendance, and heightened productivity and worker morale.

Recently the results of a GAO and OPM study accessing the success of the program was released and the data showed that the program is highly productive; beneficial to both Government and to its employees and represents a permanent step toward accessible, efficient Government.

Accordingly, I urge my colleagues to support H.R. 3605.

Mr. HORTON. Mr. Speaker, I thank the gentleman.

Mr. PARRIS. Mr. Speaker, will the gentleman yield?

Mr. HORTON. I yield to the gentleman from Virginia.

Mr. PARRIS. Mr. Speaker, I rise in support of H.R. 3605, the so-called flexitime extension. This legislation has been of enormous benefit to the improvement of the quality of life of literally thousands of my constituents who are employed by the Federal Government.

I was delighted to hear the comments of the chairman of the subcommittee regarding the early attention to the permanent extension of this legislation.

Mr. HORTON. Mr. Speaker, I support the bill, and I urge its adoption.

Mr. Speaker, I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3605

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of the Federal Employees Flexible and Compressed Work Schedules Act of 1982 (5 U.S.C. 6101 note) is amended to read as follows:

"SEC. 5. The amendments made by this Act shall not be in effect after December 31, 1985.".

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IMPACT OF GRAMM-RUDMAN DEVASTATING TO OUR CHILDREN

(Mr. HAWKINS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. HAWKINS. Mr. Speaker, I wish to share with our Members the contents of a letter concerning the Gramm-Rudman (so-called) Emergency Deficit Control Act of 1985 by the Children's Defense Fund.

The Children's Defense Fund has expertly documented the impact of this unconscionable and devastating attack on our children.

The facts are startling. Acting in the knowledge of them, we must assume a moral accountability for the consequences if we attempt to balance the budget without exempting from any proposal of further cuts in programs affecting those in poverty.

If not, "thousands of poor children would be denied a Head Start; and thousands more removed from the highly successful chapter I program for the educationally disadvantaged. Food stamps would be cut below the Federal Government's minimum diet plan; free school lunches for poor children would be cut. Large numbers of women and children would be thrown off the WIC program; and the health care, housing, and basic survival needs of the poor would be further jeopardized."

Such action is unworthy of a civilized people who would destroy its future to benefit a selfish few.

The letter in its entirety follows:

CHILDREN'S DEFENSE FUND,
Washington, DC, October 14, 1985.

Re Gramm-Rudman-Mack Emergency Deficit Control Act of 1985.

DEAR REPRESENTATIVE: Child poverty has shot up dramatically since children and families were sent to the front lines of the Deficit Reduction War of 1981. More than half of all black children are now poor. Nearly 40 percent of all Hispanic children are now poor. More than 20 percent of all America's children are now poor.

Poor children and families have suffered enough. You cannot and must not sacrifice them once again in the Deficit Reduction War of 1985.

Gramm-Rudman-Mack—or any alternative proposal to balance the budget—must exempt from additional budget cuts all programs serving low income children and families. To cut further into programs for the poor, after $10 billion a year has already been withdrawn from vital health, nutrition, education and other basic survival services is inhumane, short-sighted and unfair.

It is both inhumane and cost-ineffective to add to the deprivation of poor children and families. Increased hunger and homelessness, increased reports of child abuse and neglect, indefensible rates of infant mortality, and declining availability of basic health and prenatal care, child care and educational services are common knowledge in countless communities in this nation. In the face of these facts, are you really prepared to support a proposal that would cut 100,000 children out of a Head Start, many more women, infants, and children from the WIC program, and deny hundreds of thousands of babies basic medical care?

Unless Gramm-Rudman-Mack, or its House alternative, exempts all low income programs from further cuts, further child poverty and deprivation are certain to result. This is a short-sighted strategy that saps the potential future strength of the nation. Children are our future. We must invest in them rather than harm and neglect them.

It would be unconscionable to try to balance the budget again on the backs of the poor, while exempting again the well-known causes of the budget deficit facing this country—defense expenditures and tax giveaways to the wealthy. While Gramm-Rudman exempts a large proportion of the defense budget and totally ignores tax expenditures or revenue measures, programs for the poor would be subject to cuts equal to as much as twice their share of the federal budget.

Even if all the defense budget were firmly on the table, and tax breaks and Social Security were on the table, nevertheless poor children and families must be taken off the table. What standard of justice could ask those who have already paid dearly to pay again? Let those who have yet to sacrifice pay their fair share of deficit reduction.

Deficit reduction is hard work, requiring hard choices. Just because poor children are politically vulnerable and expendable is no reason to sacrifice them once again. I implore you to exempt all programs for poor children and families from the Deficit Reduction Scrimmage of 1985.

Sincerely,

MARIAN WRIGHT EDELMAN,
President.

PERSONAL EXPLANATION

Mr. YOUNG of Missouri. Mr. Speaker, I rise in support of H.R. 2095, the Daylight Saving Extension Act. I was unable to vote on the bill because I was unavoidably absent. However, had I been able, I would have voted in favor of this urgently needed legislation. I urge my colleagues in the other body to act on this measure promptly and favorably.

AMENDMENTS TO THE CHARTER OF THE SOUTHERN INTERSTATE ENERGY BOARD

(Mr. YOUNG of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Missouri. Mr. Speaker, today I am introducing a bill to grant the consent of Congress to certain amendments to the charter of the Southern Interstate Nuclear Board [SINB].

The SINB was originally founded in 1961 and passed by the 17-member State legislatures to promote the safe development of nuclear power and foster regional cooperation on nuclear issues. Congress concurred by enacting Public Law 87-563 on July 31, 1962. The member jurisdictions of the compact are Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, Puerto Rico, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

In the mid-1970's SINB was directed by the Southern Governors' Association and the Southern Legislative Con-

ference to seek legislative amendments to the compact as follows:

To change the name of the organization from the Southern Interstate Nuclear Board to the Southern States Energy Board.

To specify that the board's scope of responsibility includes energy and environmental policy areas.

To recommend that the States change the current membership provision, so as to provide for three individuals to be appointed from each State, one of whom shall be the Governor and one appointed or designated to represent each house of the State legislature.

To provide for these changes to become effective upon enactment of the amendments by a majority of the member jurisdictions in the SINB.

Sixteen of the seventeen member States have adopted these amendments since 1979. Only congressional concurrence is needed for the amendments to become effective.

The board and its staff provide technical support, research, and information to the member States and the general public. It is funded primarily by State revenues and receives no Federal appropriations.

The interests of the Federal Government are protected by a Federal representative to the board, appointed by the President. The Federal representative reports annually to the President and to the Congress on the programs and activities of the board.

Mr. Speaker, I urge prompt consideration and passage of this bill by the Congress.

WORLDWIDE IMMUNIZATION OF CHILDREN BY 1990

(Mr. SMITH of New Jersey asked and was given permission to address the House for 1 minute and to revise and exend his remarks.

Mr. SMITH of New Jersey. Mr. Speaker, tomorrow, I will be participating in the ceremony of the signing of the people's declaration at the United Nations in New York. This declaration, will be citing and reaffirming the U.N. goal of Universal Child Immunization by 1990.

Mr. Speaker, one of the greatest tragedies of our time is the prevalence of sickness, malnutrition, and death of the world's children. Each year half a million children in poorer countries come down with polio. Another 5 million are inflicted with either the measles, whooping cough, diphtheria, or tetanus. And for every death, many more children are crippled, retarded, seriously weakend, or otherwise permanently disabled.

Mr. Speaker, in the past few months, we have seen the House of Representatives affirm its commitment to the life-saving impact of vaccination and immunizations. In fact, on May 7, 1984, the House supported, by a vote of 420 to 1, a resolution I introduced commending President Napoleon Duarte and participating organizations for the successful immunization program conducted in El Salvador. I was in El Salvador for the program and was greatly encouraged by what I saw. More than 300,000 children were immunized and thereby protected from the five most painful, debilitating and even fatal diseases as whooping cough, diphtheria, tetanus, measles, and polio.

Mr. Speaker, with the passage of the foreign aid authorization bill in July 10, 1985, this body again recognized the real and positive impact of mass immunization programs by adopting my amendment to reauthorize the Child Survival Fund at 100 percent funding increase. The provision to reauthorize the Child Survival Fund was originally a separate bill—H.R. 1746—with more than 50 Members of the House supporting it as cosponsors.

Mr. Speaker, while I think the Members of this body can be proud of our part in advancing the availability of immunizations around the world, it is significant to note that even with our recent increases in support, only about 20 percent of the world's newborns are getting the shots. And the problem, relatively speaking, should not be one of finances. In fact, Mr. Speaker, for about 50 cents worth of vaccine and $4.50 to administer it, the millions of children who die each year around the world from these terrible diseases could be protected and saved from this suffering.

Mr. Speaker, aware of the technological breakthroughs that have made the goal of universal immunization attainable, the United Nations Children's Fund [UNICEF] has kindled a new mobilization toward this goal which was originally established in 1974. On Friday, October 25, 1985, the Secretary General, President General Assembly, heads of state from several countries, and the Holy See, will join with NGO and PVO leaders in signing a declaration entitled "To Save Succeeding Generations."

Undoubtedly, Mr. Speaker, this event will symbolize and demonstrate a very essential continuing role of UNICEF in service to the world's people and especially the most vulnerable of all, our children. Furthermore, it highlights the coordinating role that UNICEF has assumed and which is so vital to foster cooperation between governments and private voluntary groups in an international setting.

Mr. Speaker, Universal Child Immunization by 1990 is precisely the kind of effort which the U.S. Congress should actively support and encourage. As the free world's leading nation we should take an even greater role in freeing the world's children from the suffering and dying which occurs when children are not protected against these diseases.

Mr. Speaker, I strongly encourage my colleagues, and indeed, all the world during the United Nation's birthday celebration to commit themselves to the goal of mass immunization and thereby save the lives of millions of children around the world.

NATIONAL BLIND WORKER OF THE YEAR

(Mr. BOEHLERT asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BOEHLERT. Mr. Speaker, I rise today to call to the attention of my colleagues the accomplishments and leadership of Mr. Robert Knapp, an employee of the Central Association for the Blind located in Utica, NY. Each year National Industries for the Blind chooses one outstanding blind production worker from among the 5,800 blind and multihandicapped blind individuals who are provided job opportunities nationwide in their associated workshops. This year Mr. Knapp was selected as the 1985 National Blind Worker of the Year. Mr. Knapp is a symbol of determination and hard work not only for blind persons, but for any American who has had to confront a new or challenging life situation. I commend Mr. Knapp for his outstanding work, courage, and advocacy on behalf of other blind citizens. And, I would like to share with you a profile of Mr. Knapp which recently appeared in Opportunity.

The article follows:

[From Opportunity, July/August 1985]

PETER J. SALMON NATIONAL BLIND WORKER OF THE YEAR

(By Catherine Raphael-Wetzel)

When he isn't working on a Javits-Wagner-O'Day contract, or doing small engine repairs, or speaking out on behalf of legislation benefiting blind people, Robert Knapp tends to his thriving vegetable garden, attends sporting events or socializes either in person or through his CB radio. Idleness is something he doesn't allow in his life, because he never lets his handicap keep him from doing what he wants to do.

Bob Knapp's infectious positive attitude is one of the many attributes that earned him selection as the 1985 Peter J. Salmon National Blind Worker of the Year, and it is one that has earned him the respect of his colleagues at the Central Association for the Blind (CAB) in Utica, New York.

Since joining CAB six years ago, Bob has tried and mastered every one of the workshop's contracts. Gifted with an exceptional mechanical aptitude, he finished fifth in a class of 28 students learning small engine repair and was the only blind person taking the course. Today he uses this skill at CAB where the agency has set up a repair shop where he works on lawnmowers and other small engines.

Workshop Director Luca Esposito, who has worked with Bob for the past six years, gave him a perfect score in an evaluation report submitted in support of his nomination for the Peter J. Salmon award. Although he didn't know Bob ten years ago, Luca has heard about the frustration Bob felt when he first lost his sight to glaucoma and had to give up driving his truck. After surgery failed to restore his sight well enough to resume his career as a truck driver, Bob applied his tremendous determination and strength of character to coping with new circumstances and deriving the most from them.

Today he likes to tell his story in the hope others will feel inspired to turn their lives around. Together with his best friend, guide dog Zion, he is a familiar figure to city bus drivers along the routes between the workshop and his apartment on the other side of town.

In October, Bob will travel to Seattle, Washington, to attend the Annual Meeting of The General Council of Workshops for the Blind and to receive the Peter J. Salmon National Blind Worker of the Year Award presented by National Industries for the Blind (NIB). Joining Bob in Seattle will be all blind workers of the year from NIB-associated workshops for the blind who were nominated for the prestigious award.

WE SHOULD NOT EXPORT JOBS

(Mrs. BENTLEY asked and was given permission to address the House for 1 minute and to revise and extend her remarks and include extraneous matter.)

Mrs. BENTLEY. Mr. Speaker, yesterday, I received another letter from another American company that has lost a U.S. defense contract to a foreign country. The president of that company wrote:

We understand that our customers, Aerojet General and Morton Thiokel, were required to switch their future procurements to foreign sources to satisfy offset obligations.

This company president is concerned because:

1. The loss of industrial base for domestic production.

2. The loss of company business without any compensation—after years of investment in building a unique capacity.

3. The loss of jobs with the impact on valued employees and the community.

Although Kaiser Electroprecision is not in my district—it's in Irvine, CA, I am concerned, and Congress should be concerned with the continuous erosion of our industrial base to overseas firms at this time to Australia.

We, the Congress, are the trustees of American taxpayers' dollars. We cannot and should not spend those dollars to export American jobs.

I include his entire letter to be printed in the RECORD, as follows:

IRVINE, CA, *October 8, 1985.*

Congresswoman HELEN BENTLEY,
Longworth House Office Building, Washington, DC

Subject: Military Contract Offsets.

DEAR CONGRESSWOMAN BENTLEY: For approximately ten years Kaiser Electroprecision has manufactured rocket motor cases for the booster rocket used on the U.S. Navy's Harpoon Missile. We supplied these motor cases to Aerojet General and Morton Thiokol, who are subcontractors to the Harpoon prime contractor, McDonnell Douglas.

Kaiser Electroprecision was the only source for the Harpoon Motor Case for many years, but Aerojet General began buying them from a source in England a few years ago. More recently, Morton Thiokol has initiated Harpoon Motor Case procurement from a company in Australia. Kaiser Electroprecision will complete a current production order for Morton Thiokol by the end of 1985. It is our understanding that all their future requirements will be sourced overseas. Kaiser Electroprecision will dismantle its production lines and there will no longer be an American source for Harpoon Rocket Motor Cases.

We understand that our customers, Aerojet General and Morton Thiokol, were required to switch their Harpoon Rocket Motor Case procurement to foreign sources in order to satisfy offset obligations.

Our company understands that it is sometimes necessary to accept offset obligations in order to facilitate foreign sales. However, we are concerned about several aspects of such agreements:

1. Loss of industrial base for domestic production of important defense components.

2. Loss of company business without any compensation—this after years of investment in building a unique capability.

3. Loss of jobs with all the economic impact on our valued employees and the community.

Sincerely, yours

R.S. CARLSON.

□ 1530

SUPPORT URGED FOR H.R. 3531

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois [Mr. LIPINSKI] is recognized for 5 minutes.

Mr. LIPINSKI. Mr. Speaker, on October 9, I introduced legislation H.R. 3531 which would help alleviate the severe funding shortage that exists today in the Federal Interstate Highway and Transit Program.

My bill would reinstitute an escalation clause in the Interstate Transfer Highway Transit Program that was in the law prior to the enactment of the Surface Transportation Assistance Act of 1982. When States and cities were required to take in their outstanding interstate balances they were promised a value-for-value exchange. However, the cost of construction and the inflation rate can not be taken into account. As the years go by and costs increase, these areas are not receiving the same value of their original tradeins. The escalation clause that I am proposing will be based on the national cost of construction index. Problems in the current program are compounded by the fact that each fiscal year localities have to compete in the appropriations process to receive an adequate earmark. These budget restrictions cause further delays in the interstate program.

With the recent decision by the State of New York to withdraw the Westway highway project there will be even more areas competing for these scarce funds. The Transportation Appropriations bill passed by the House would provide $237.5 million for transit and $725 million for highway interstate programs. With the new addition of New York in the program there will be insufficient funds for projects in this program to be completed before 1991 as the Department of Transportation projects. My own State of Illinois has several projects that are ready to be constructed, however, each year we receive insufficient funding for these projects. The city of Chicago, part of which I represent is not certain that there will be enough money left to finish their projects. There are many other areas of the country that participate in this program that are experiencing similar problems. My legislation will benefit both transit and highway projects in the interstate programs. A change is needed in the law in order for the Federal Government to live up to its word on providing States a value-for-value trade-in.

I realize that in this period of high deficits and budget restrictions there is tremendous pressure on the Federal Government to cut back on expenditures. But the highway funds for this program come from the user supported highway trust fund. This fund is supported by the Federal tax on gasoline. States deserve a fair return on promises made by the Federal Government.

I urge my colleagues to join with me in cosponsoring this legislation.

PERSONAL EXPLANATION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. NELSON] is recognized for 5 minutes.

Mr. NELSON of Florida. Mr. Speaker, due to official business, I was unable to be present and voting for rollcall vote Nos. 364 through 368 on October 22, and October 23, 1985. Had I been present, I would have voted "aye" on No. 364, to suspend the rules and pass H.R. 463, Topsoil Preservation; "aye" on No. 365, for final passage of H.R. 2095, to provide for daylight saving time on an expanded basis; "aye" on No. 366, the procedural motion to approve the Journal; "aye" on No. 367, to agree to House Resolution 296, the rule for consideration of the Omnibus Budget Reconciliation Act; and "aye" on No. 368, to agree to the conference report on H.R. 2409, the Health Research Extension Act.

OPPOSE CHANGES IN AFFIRMATIVE ACTION REGULATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tlewoman from Illinois [Mrs. COLLINS] is recognized for 20 minutes.

Mrs. COLLINS. Mr. Speaker, I rise to express my outrage at the most recent attempt by the Reagan administration to gut a generation of social and legal progress in this country.

Equal employment opportunity is an issue of critical importance. No one can deny the high value that is placed on guaranteeing fairness and equality in the workplace.

Everyone deserves an equal, fighting chance to make it in the job market. Everyone—regardless of race, sex, religion or national origin.

But, of course, I really don't have to remind my colleagues of that fact. After all, it was a little more than 20 years ago that this very body breathed life into that principle of equality. The principle became the law of the land—the Civil Rights Act of 1964.

And for the past 20 years, the Federal Government has consistently and pretty much enforced that law.

Although vigorous enforcement of strong antidiscrimination laws may be enough to prevent overt discrimination, it is not enough to make up for the many years that discrimination was institutionalized in this country.

It is for that reason that we have taken affirmative action to correct those pervasive historical patterns. And in 1965, President Johnson took executive action, signing an Executive order to ensure that people who benefit from doing business with the Federal Government make a special effort to ensure that all Americans have the chance to work and to be treated equally in the labor force.

It seems that there are people in the Reagan administration who believe we are doing too much to guarantee fairness. They are pushing a revised Executive order that effectively reverses the 20 years of progress we have seen.

In particular, they want to abolish the use of goals and timetables in keeping track of employer progress toward reaching equality of opportunity. They want to limit all remedies to people who can prove they have suffered from discrimination.

This proposal simply ignores the complexity of historical discrimination in this country and the tremendous impact its bitter legacy continues to have on the lives of far too many in our society.

What more needs to be said in support of the need for strong affirmative action policy.

The evidence already shows that there is a continuing gap in the employment rates of blacks and whites, as well as in the income levels and upward mobility of the two groups.

It simply takes more than 20 years of equal opportunity to correct hundreds of years of exclusion and job discrimination.

Moreover, the current administration proposal ignores its own evidence of progress—documented by the Department of Labor. The Department's statistics provide beyond all doubt that where employers have used goals and timetables, their EEO profiles have indeed improved.

According to the Labor Department, between 1974 and 1980, minority employment by Federal contractors grew from only 12 percent to more than 20 percent. The employment of women by these firms grew from only 2 to 15 percent.

Another recent study showed that between 1970 and 1980, the percentage of minorities and women in professional and managerial jobs nearly doubled.

These are the positive results of Federal affirmative action. It seems that they are results that make some people in this administration unhappy. Because it is this kind of progress that would be destroyed if the proposed changes are made.

The curious thing about this whole affair is that, for the most part, the businesses that are subject to Executive order affirmative active say they really don't want to abolish goals and timetables.

Even they know they work.

Besides, businessmen are quite accustomed to goal setting and to implementing plans according to timetables. If it can be done to expand profit margins it can be done to expand the margin of fairness.

While they might want the rules simplified, they are not pushing for the kind of wholesale revisions proposed by this administration.

I stand opposed to this administration's attempt to scuttle the hard won victories of the civil rights movement. I stand opposed to this administration's attempt to destroy the only chance many people will have for an opportunity to succeed in the job market. I stand opposed to this administration's attempt to devastate our dream of a discrimination-free employment.

We have seen that voluntary compliance will not be effective in eliminating the problems created by purposeful discrimination. We have seen that colorblind policies will not be effective in eliminating the present problems created by years of color consciousness.

We need the strongest Government enforcement possible. We must guarantee that this country truly becomes what it was supposed to be throughout its history: The land of opportunity—equal opportunity.

□ 1540

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. ARMEY) to revise and extend their remarks and include extraneous material:)

Mr. IRELAND, for 5 minutes, today.

Mr. BARTON of Texas, for 60 minutes, today.

Mr. BARTON of Texas, for 60 minutes, on October 30.

Mr. BARTON of Texas, for 60 minutes, on October 31.

Mr. COBEY, for 60 minutes, on October 30.

Mr. MACK, for 60 minutes, on October 31.

Mrs. BENTLEY, for 30 minutes, on October 29.

(The following Members (at the request of Mr. LIPINSKI) to revise and extend their remarks and include extraneous material:)

Mr. LIPINSKI, for 5 minutes, today.

Mr. NELSON of Florida, for 5 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mrs. COLLINS, for 20 minutes, today.

Mr. NEAL, for 60 minutes, today.

Mr. NEAL, for 60 minutes, on October 29.

Mr. GONZALEZ, for 60 minutes, today.

Mr. OBEY, for 60 minutes, today.

Mr. OBEY, for 60 minutes, on October 28.

Mr. OBEY, for 60 minutes, on October 29.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

(The following Members (at the request of Mr. ARMEY) and to include extraneous matter:)

Mr. GINGRICH in two instances.

Mr. BROOMFIELD.

Mr. GILMAN in four instances.

Mr. FRENZEL.

Mr. LOTT in two instances.

Mr. WORTLEY.

Mr. HORTON.

Mr. MYERS of Indiana.

Mr. LIGHTFOOT.

Mr. MARLENEE in two instances.

Mr. SAXTON in two instances.

Mr. O'BRIEN.

Mrs. VUCANOVICH.

Mr. HAMMERSCHMIDT.

Mr. MICHEL in two instances.

Mr. DAVIS.

Mr. BURTON of Indiana.

Mr. GOODLING.

(The following Members (at the request of Mr. LIPINSKI) and to include extraneous matter:)

Mr. GARCIA in two instances.

Mr. FLORIO.

Mr. AUCOIN.

Mr. LUNDINE.

Mr. WOLPE.

Mr. FORD of Michigan.

Mr. ROSTENKOWSKI.

Mr. DWYER of New Jersey.
Mr. YATRON.
Mr. PEASE.
Mr. FRANK.
Mr. WYDEN.
Mr. HUBBARD.
Mr. LUKEN.
Mr. WILLIAMS.
Mr. ENGLISH.
Mr. GUARINI.
Mr. KLECZKA.
Mr. SOLARZ.
Mr. HOYER.
Mr. BARNES.

ADJOURNMENT

Mrs. COLLINS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 43 minutes p.m.) under its previous order, the House adjourned until Monday, October 28, 1985, at 12 o'clock noon.

EXPENDITURE REPORTS CONCERNING OFFICIAL FOREIGN TRAVEL

Reports of various House committees concerning the foreign currencies and U.S. dollars utilized by them during the first, second, and third quarters of calendar year 1985 in connection with foreign travel pursuant to Public Law 95-384 are as follows:

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ARMED SERVICES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JAN. 1 AND MAR. 31, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Visit to Federal Republic of Germany, Feb. 7–10, 1985—Amended report:											
Dickinson, Hon. William L	2/7	2/10	Germany		150.00						150.00
Martin, Hon. David O'B	2/7	2/10	Germany		150.00						150.00
Stratton, Hon. Samuel S	2/7	2/10	Germany		150.00						150.00
Delegation expenses									646.52		646.52
Visit to United Kingdom, Egypt, and Kenya, Feb. 7–18, 1985—Amended report:											
Aspin, Hon. Les											
Commercial transportation							−278.27				−278.27
Committee total					450		−278.27		646.52		818.25

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

LES ASPIN, Chairman, Oct. 30, 1985.

AMENDED REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ARMED SERVICES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN APR. 1 AND JUNE 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Delegation to Central America, Apr. 5–12, 1985—Amended report:											
Delegation expenses	4/10	4/10	Costa Rica				102.04				102.04
Delegation to Italy, Turkey, and France, May 24 to June 4, 1985—Amended report:											
Delegation expenses	5/31	6/4	France				2,588.08		1,549.63		4,137.71
Committee total							2,690.12		1,549.63		4,239.75

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

LES ASPIN, Chairman, Oct. 30, 1985.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON ARMED SERVICES, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Delegation visit to Republic of Korea, June 28 to July 5, 1985:											
Badham, Hon. Robert E	6/30	7/5	Korea		500						500.00
Commercial transportation							2,091.00				2,091.00
Blaz, Hon. Ben	6/28	7/3	Korea		400.00						400.00
Commercial transportation							2,135.00				2,135.00
Courter, Hon. Jim	6/30	7/2	Korea		200.00						200.00
Transportation: Department of the Army							9,338.30				9,338.30
Slatkin, Ms. Nora	6/29	7/6	Korea		600.00						600.00
Commercial transportation							2,101.00				2,101.00
Delegation to West Germany, Italy, and France, June 30 to July 7, 1985:											
Sisisky, Hon. Norman	6/30	7/2	West Germany		224.00						224.00
	7/2	7/4	Italy		256.00						256.00
	7/4	7/5	West Germany								.00
	7/5	7/7	France		262.00						262.00
Transportation: Department of the Air Force							3,974.10				3,974.10
Tsompanas, Mr. Paul L	6/30	7/2	West Germany		224.00						224.00
	7/2	7/4	Italy		256.00						256.00

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
	7/4	7/5	West Germany								.00
	7/5	7/7	France		262.00						262.00
Transportation: Department of the Air Force.							3,974.10				3,974.10
Staff visit to the Federal Republic of Germany, Italy, and Turkey:											
Cofer, Mr. Williston B., Jr	8/3	8/9	Germany		525.00						525.00
	8/10	8/13	Italy		225.00						225.00
	8/13	8/15	Turkey		225.00						225.00
Commercial transportation							1,088.46				1,088.46
Delegation to Mediterranean and northern Africa Aug. 2–16, 1985:											
Badham, Hon. Robert E	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Bateman, Hon. Herbert	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Carney, Hon. William	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Dickinson, Hon. William L	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	[3]8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Dyson, Hon. Roy	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Oktiz, Hon. Solomon	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Price, Hon. Melvin	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Spence, Hon. Floyd	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Stump, Hon. Bob	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Whitehurst, Hon. G. William	8/3	8/6	Yugoslavia		306.97						306.97
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		191.91						191.91
Refund to U.S. Treasury					−50.00						−50.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Argenta, Ms. Rita D	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Bauser, Mr. Edward J	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Nelson, Mr. Warren L	8/3	8/6	Yugoslavia		306.00						306.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Scrivner, Mr. Peter C	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Steffes, Mr. Peter M	8/3	8/6	Yugoslavia		324.00						324.00
	8/6	8/8	Tunisia		216.00						216.00
	8/8	8/10	Morocco		216.00						216.00
	8/10	8/12	Algeria		384.00						384.00
	8/12	8/14	Spain		216.00						216.00
	8/14	8/16	Portugal		216.00						216.00
Transportation: Department of the Air Force.							4,447.29				4,447.29
Delegation to Greece, Cyprus, and Turkey, Aug. 5–13, 1985:											
Byron, Hon. Beverly B	8/5	8/9	Greece		432.00						432.00
	8/9	8/10	Cyprus		108.00						108.00
	8/10	8/13	Turkey		324.00						324.00
Commercial transportation							1,817.61				1,817.61
Transportation: Department of the Air Force.							7,707.75				7,707.75
Mavroules, Hon. Nicholas	8/5	8/9	Greece		432.00						432.00
	8/9	8/10	Cyprus		108.00						108.00
Commercial transportation							2,618.00				2,618.00
Transportation: Department of the Air Force.							2,709.00				2,709.00
Fleshman, Mr. William T	8/5	8/9	Greece		432.00						432.00
	8/9	8/10	Cyprus		108.00						108.00
	8/10	8/13	Turkey		324.00						324.00
Commercial transportation							1,817.61				1,817.61
Transportation: Department of the Air Force.							7,707.75				7,707.75
Preston, Ms. Colleen A	8/5	8/9	Greece		432.00						432.00
	8/9	8/10	Cyprus		108.00						108.00
	8/10	8/13	Turkey		324.00						324.00
Commercial transportation							1,817.61				1,817.61
Transportation: Department of the Air Force.							7,707.75				7,707.75
Delegation expenses	8/5	8/9	Greece				178.41		126.07		304.48
Staff visit to Canada Aug. 9–12, 1985:											
Tsompanas, Mr. Paul L	8/9	8/12	Canada		300.00						300.00
Commercial transportation							612.02				612.02
Staff visit to Iceland, Scotland, and the United Kingdom, Aug. 19–27, 1985:											
Elrod, Ms. Marilyn A	8/19	8/20	Iceland		203.50						203.50
	8/20	8/23	Scotland		273.00						273.00
	8/23	8/27	United Kingdom		496.00						496.00
Commercial transportation							1,143.27				1,143.27
Moore, Ms. Alama B	8/19	8/20	Iceland		203.50						203.50
	8/20	8/23	Scotland		273.00						273.00
	8/23	8/27	United Kingdom		496.00						496.00
Commercial transportation							1,143.27				1,143.27
Delegation to Canada, United Kingdom, and Bermuda, Sept. 5–9, 1985:											
Hopkins, Hon. Larry J	9/5	9/6	Canada		83.55						83.55
	9/6	9/7	United Kingdom		83.89		54.45				127.43
	9/7	9/9	Bermuda		280.00						280.00
Transportation: Department of the Air Force.							7,689.60				7,689.60
Stump, Hon. Bob	9/5	9/6	Canada		83.55						83.55
	9/6	9/7	United Kingdom		83.89		43.54				127.43
	9/7	9/9	Bermuda		280.00						280.00
Transportation: Department of the Air Force.							7,689.60				7,689.60
Steffes, Mr. Peter M	9/5	9/6	Canada		83.55						83.55
	9/6	9/7	United Kingdom		83.89		43.54				127.43
	9/7	9/9	Bermuda		280.00						280.00
Transportation: Department of the Air Force.							7,689.60				7,689.60
Delegation to Switzerland and Austria, Sept. 22–25, 1985:											
Byron, Hon. Beverly B	9/22	9/24	Switzerland		270.00						270.00
	9/24	9/25	Austria		109.00						109.00
Refund to the U.S. Treasury					−43.00						−43.00
Transportation: Department of the Navy							6,424.22				6,424.22
Courter, Hon. Jim	9/22	9/24	Switzerland		270.00						270.00
Transportation: Department of the Navy							3,152.09				3,152.09
Commercial transportation							1,560.18				1,560.18
Ray, Hon. Richard	9/22	9/24	Switzerland		270.00						270.00
	9/24	9/25	Austria		109.00						109.00
Transportation: Department of the Navy							6,424.22				6,424.22
Stratton, Hon. Samuel S	9/22	9/24	Switzerland		270.00						270.00
	9/24	9/25	Austria		109.00						109.00
Transportation: Department of the Navy							6,424.22				6,424.22
Klein, Mr. Adam J	9/22	9/24	Switzerland		270.00						270.00
	9/24	9/25	Austria		109.00						109.00

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]
Transportation: Department of the Navy							6,424.22				6,424.22
Osterman, Ms. Georgia	9/22	9/24	Switzerland		270.00						270.00
	9/24	9/25	Austria		109.00						109.00
Transportation: Department of the Navy							6,424.22				6,424.22
Staff visit to the United Kingdom and Austria, Sept. 22–27, 1985:											
Battista, Mr. Anthony R	9/22	9/24	United Kingdom		655.00						655.00
Commercial transportation							2,758.20				2,758.20
Mansfield, Dr. John E	9/22	9/24	United Kingdom		393.00						393.00
	9/24	9/25	Austria		109.00						109.00
Commercial transportation							778.00				778.00
Transportation: Department of the Navy							3,272.13				3,272.13
Committee total					37,646.20		195,232.48		126.07		233,004.75

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.

LES ASPIN, Chairman, Oct. 30, 1985.

REPORT OF EXPENDITURES FOR OFFICIAL FOREIGN TRAVEL, COMMITTEE ON INTERIOR AND INSULAR AFFAIRS, U.S. HOUSE OF REPRESENTATIVES, EXPENDED BETWEEN JULY 1 AND SEPT. 30, 1985

Name of Member or employee	Date		Country	Per diem [1]		Transportation		Other purposes		Total	
	Arrival	Departure		Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [2]	Foreign currency	U.S. dollar equivalent or U.S. currency [3]
Larry Craig, MC	8/1	8/2	British Columbia		158.00		[3] 812.43		[4] 4.77		1,042.70
							67.60				
Richard Lehman, MC	6/28	7/4	Great Britain		461.00		1,101.00				1,562.00
	7/4	7/6	France		196.00						196.00
	7/6	7/7	Ireland		123.00		286.00				409.00
Morris K. Udall, MC	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
John F. Seiberling, MC	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/20	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
James Weaver, MC	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Ron de Lugo, MC	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Fofo I.F. Sunia, MC	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Ben Blaz, MC	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Roy Jones, Jr., staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Ronald K. Burton, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
C. Stanley Sloss, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Richard Agnew, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Franklin Ducheneaux, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Teddy Roe, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Mark Trautwein, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Daniel Val Kish, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Jerome Targovnik, staff	9/21	9/22	Japan		37.50						37.50
	9/22	9/29	Soviet Union		600.00						600.00
	9/29	9/30	Ireland		98.00		[3] 5,269.34		[4] 14.81		5,382.15
Committee total					11,970.50		81,307.03		226.92		93,504.45

[1] Per diem constitutes lodging and meals.
[2] If foreign currency is used, enter U.S. dollar equivalent; if U.S. currency is used, enter amount expended.
[3] Cost of military air transportation (C–135).
[4] Control room.

MORRIS K. UDALL, Chairman, Oct. 18, 1985.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2182. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting notice of intent to consent to a proposed transfer of U.S. origin defense articles from the United Kingdom and the Kingdom of Denmark to Japan and Australia, pursuant to 22 U.S.C. 2753(d)(1), (2)(B); to the Committee on Foreign Affairs.

2183. A letter from the Assistant Secretary of State for Legislative and Intergovernmental Affairs, transmitting a report on the extent to which the Government of Haiti is cooperating in halting illegal immigration, implementing development, food and economic assistance programs, and improving the human rights situation, pursuant to Public Law 98-473, section 540(c) (98 Stat. 1903); jointly, to the Committees on Appropriations and Foreign Affairs.

2184. A letter from the Secretary of Health and Human Services, transmitting a draft of proposed legislation to ensure the supply of childhood vaccines, and for other purposes; jointly, to the Committees on Energy and Commerce and the Judiciary.

2185. A letter from the General Counsel, Department of the Treasury, transmitting a draft of proposed legislation to amend title 31, United States Code, to establish an orderly system for payment of Treasury checks, for issuance of replacements for those checks, and for other purposes; jointly, to the Committees on Ways and Means and Banking, Finance and Urban Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HAWKINS. Committee on Education and Labor. H.R. 3447. A bill to amend and extend the Congressional Award Act; with amendments (Rept. 99-327). Referred to the Committee of the Whole House on the State of the Union.

Mr. HAWKINS. Committee on Education and Labor. H. Con. Res. 201. A bill to commemorate the accomplishments of Public Law 94-142, the Education for All Handicapped Children Act, on the 10th anniversary of its enactment; with an amendment (Rept. 99-328). Referred to the House Calendar.

Mr. MONTGOMERY. Committee on Veterans' Affairs. H.R. 1361. A bill to designate the Veteran's Administration Outpatient Clinic to be located in Crown Point, Indiana, as the "Adam Benjamin, Junior, Veteran's Administration Outpatient Clinic"; with an amendment (Rept. 99-329). Referred to the House Calendar.

Mr. BONIOR. Committee on Rules. H. Res. 299. A resolution waiving certain points of order against the conference report, and consideration of such conference report on S. 1160 (Rept. 99-330). Referred to the House Calendar.

Mr. HAWKINS. Committee on Education and Labor. H.R. 3530. A bill to amend the Fair Labor Standards Act of 1938 to authorize the provision of compensatory time in lieu of overtime compensation for employees of States, political subdivisions of States, and interstate governmental agencies, to clarify the application of the act to volunteers, and for other purposes; with an amendment (Rept. 99-331). Referred to the Committee of the Whole House on the State of the Union.

Mr. ADDABBO. Committee on Appropriations. H.R. 3629. A bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1986, and for other purposes. (Rept. 99-332). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BROOKS (for himself, Mr. HORTON, Mr. SAXTON, and Mr. DIO-GUARDI):

H.R. 3614. A bill to restrict the use of government vehicles for transportation of officers and employees of the Federal Government between their residences and places of employment, and for other purposes; to the Committee on Government Operations.

By Mr. BRUCE (for himself, Mr. DURBIN, Mr. TALLON, Mr. TOWNS, Mr. HOPKINS, and Mr. STALLINGS):

H.R. 3615. A bill to extend the use of and expand eligibility for Agricultural Industrial Development Bonds; to the Committee on Ways and Means.

By Mrs. COLLINS:

H.R. 3616. A bill to authorize the Secretary of Health and Human Services to fund adolescent health demonstration projects; to the Committee on Energy and Commerce.

By Mr. ENGLISH:

H.R. 3617. A bill to exempt rural water systems facilities assisted under the Consolidated Farm and Rural Development Act as amended from certain right-of-way rental payments under the Federal Land Policy and Management Act of 1976; to the Committee on Interior and Insular Affairs.

By Mr. EVANS of Iowa:

H.R. 3618. A bill to amend the Farm Credit Act of 1971 with respect to obligations of the farm credit system; to the Committee on Agriculture.

By Mr. EVANS of Iowa:

H.R. 3619. A bill to amend the Farm Credit Act of 1971 to provide for purchases of foreclosed farmland in the farm credit system; to the Committee on Agriculture.

H.R. 3620. A bill to amend the Farm Credit Act of 1971 to encourage institutions of the farm credit system to renegotiate problem loans and to permit those institutions to treat portions of those renegotiated loans as assets for a period of time; to the Committee on Agriculture.

By Mr. MARLENEE:

H.R. 3621. A bill to provide for the conveyance of the Miles City National Fish Hatchery to the State of Montana; to the Committee on Merchant Marine and Fisheries.

By Mr. NICHOLS (for himself, Mr. ASPIN, Mr. SKELTON, Mr. HOPKINS, Mrs. BYRON, Mr. STUMP, Mr. MAVROULES, Mr. KASICH, Mr. MCCURDY, Mrs. MARTIN of Illinois, Mr. SPRATT, Mr. CARNEY, Mr. MCCLOSKEY, Mr. PRICE, Mr. WHITEHURST, Mr. DANIEL, Mrs. SCHROEDER, Mr. KRAMER, Mr. LEATH of Texas, Mr. FOGLIETTA, Mr. DYSON, Mr. HERTEL of Michigan, Mrs. LLOYD, Mr. ORTIZ, Mr. DARDEN, Mr. ROBINSON, Mr. BUSTAMANTE, Mr. HAMILTON, Mr. EDGAR, Mr. ENGLISH, Mr. FOWLER, Mr. ANDREWS, Mr. MATSUI, Mrs. BENTLEY, Mr. WHITLEY, Mr. CONYERS, Mr. GEPHARDT, Mr. GLICKMAN, Mr. WATKINS, Mr. DICKS, Mr. BEDELL, Mr. BEILENSON, Mr. HUGHES, Mr. FAZIO, Mr. GINGRICH, Mr. BEVILL, Mr. FISH, Mr. COELHO, Mr. ECKART of Ohio, Mrs. BOXER, Mr. LAFALCE, Mr. VOLKMER, Mr. HOYER, Mr. PANETTA, Mr. CARPER, Mr. SMITH of Florida, Mr. LUNDINE, Mr. PORTER, Mr. REID, Mr. DENNY SMITH, Mr. SABO, Mr. NEAL, Mr. RANGEL, Mr. YATRON, Mr. LIPINSKI, Mr. SIKORSKI, Mr. GORDON, Mr. BATES, Mr. WILSON, Mr. OLIN, Mr. COOPER, and Mr. DASCHLE):

H.R. 3622. A bill to amend title 10, United States Code, to strengthen the position of Chairman of the Joint Chiefs of Staff, to provide for more efficient and effective operation of the Armed Forces, and for other purposes; to the Committee on Armed Services.

By Mr. SYNAR (for himself, Mr. EDWARDS of Oklahoma, Mr. JONES of Oklahoma, Mr. ENGLISH, Mr. MCCURDY, and Mr. WATKINS):

H.R. 3623. A bill to declare that the United States holds certain Chilocco Indian School lands in trust for the Kaw, Otoe-Missouria, Pawnee, Ponca, and Tonkawa Indian Tribes of Oklahoma; to the Committee on Interior and Insular Affairs.

By Mrs. VUCANOVICH:

H.R. 3624. A bill to authorize the conveyance of 470 acres in Nevada to the University of Nevada for use as a research and development center; to the Committee on Interior and Insular Affairs.

H.R. 3625. A bill to authorize and direct the Secretary of the Interior to convey certain real property to the Pershing County Water Conservation District; to the Committee on Interior and Insular Affairs.

By Mr. WORTLEY (for himself, Mr. BOEHLERT, Mr. EMERSON, Mr. FISH, Mr. GALLO, Mr. GARCIA, Mr. GILMAN, Mr. LAGOMARSINO, Mr. LEWIS of California, Mr. MCCANDLESS, Mr. MOLINARI, Mr. NIELSON of Utah, Mr. RUDD, and Mr. DENNY SMITH):

H.R. 3626. A bill to establish the National Commission on Classified Information and Security Clearance Procedures; jointly to the Committee on Government Operations, and the Permanent Select Committee on Intelligence.

By Mr. YOUNG of Missouri (for himself, Mr. TAUZIN, Mr. SHELBY, and Mr. FIELDS):

H.R. 3627. A bill granting the consent of Congress to the Southern States Energy Compact, and for related purposes; to the Committee on Energy and Commerce.

By Mr. FASCELL (for himself, Mr. WRIGHT, Mr. BROOMFIELD, Mr. SMITH of Florida, Mr. ACKERMAN, Mr. ADDABBO, Mr. AKAKA, Mr. ALEXANDER, Mr. ANDERSON, Mr. ANDREWS, Mr. ANNUNZIO, Mr. ANTHONY, Mr. ATKINS, Mr. AUCOIN, Mr. BARNARD, Mr. BARNES, Mr. BARTON of Texas, Mr. BATES, Mr. BEILENSON, Mr. BENNETT, Mr. BERMAN, Mr. BIAGGI, Mr. BILIRAKIS, Mr. BOEHLERT, Mrs. BOGGS, Mr. BOLAND, Mr. BONER of Tennessee, Mr. BOUCHER, Mr. BOULTER, Mrs. BOXER, Mr. BORSKI, Mr. BREAUX, Mr. BROOKS, Mr. BROWN of California, Mr. BROWN of Colorado, Mr. BRUCE, Mr. BRYANT, Mrs. BURTON of California, Mr. BUSTAMANTE, Mr. CARNEY, Mr. CARPER, Mr. CARR, Mr. CHANDLER, Mr. CHAPMAN, Mr. CHAPPELL, Mr. COATS, Mr. COBLE, Mr. COELHO, Mr. COBEY, Mr. COLEMAN of Texas, Mrs. COLLINS, Mr. CONTE, Mr. COOPER, Mr. COUGHLIN, Mr. COURTER, Mr. COYNE, Mr. DANIEL, Mr. DASCHLE, Mr. DELAY, Mr. DELLUMS, Mr. DERRICK, Mr. DICKS, Mr. DIOGUARDI, Mr. DIXON, Mr. DONNELLY, Mr. DORGAN of North Dakota, Mr. DORNAN of California, Mr. DOWDY of Mississippi, Mr.

DOWNEY of New York, Mr. DUNCAN, Mr. DURBIN, Mr. DYSON, Mr. DWYER of New Jersey, Mr. EARLY, Mr. ECKART of Ohio, Mr. ECKERT of New York, Mr. EDGAR, Mr. EDWARDS of California, Mr. EDWARDS of Oklahoma, Mr. ENGLISH, Mr. ERDREICH, Mr. EVANS of Illinois, Mr. FAZIO, Mr. FEIGHAN, Ms. FIEDLER, Mr. FISH, Mr. FLORIO, Mr. FOGLIETTA, Mr. FOLEY, Mr. FORD of Michigan, Mr. FORD of Tennessee, Mr. FOWLER, Mr. FRANK, Mr. FRANKLIN, Mr. FRENZEL, Mr. FROST, Mr. FUQUA, Mr. GALLO, Mr. GARCIA, Mr. GEJDENSON, Mr. GEKAS, Mr. GEPHARDT, Mr. GIBBONS, Mr. GILMAN, Mr. GINGRICH, Mr. GLICKMAN, Mr. GONZALEZ, Mr. GORDON, Mr. GRADISON, Mr. GRAY of Pennsylvania, Mr. GRAY of Illinois, Mr. GREEN, Mr. GROTBERG, Mr. GUARINI, Mr. HALL of Ohio, Mr. HAWKINS, Mr. HAYES, Mr. HEFNER, Mr. HEFTEL of Hawaii, Mr. HENDON, Mr. HERTEL of Michigan, Mr. HOWARD, Mr. HOYER, Mr. HUCKABY, Mr. HUGHES, Mr. HUNTER, Mr. HUTTO, Mr. JACOBS, Mr. JENKINS, Mrs. JOHNSON, Mr. JONES of Oklahoma, Mr. JONES of Tennessee, Mr. KANJORSKI, Ms. KAPTUR, Mr. KASICH, Mr. KEMP, Mrs. KENNELLY, Mr. KINDNESS, Mr. KLECZKA, Mr. KOSTMAYER, Mr. KOLBE, Mr. KRAMER, Mr. LAFALCE, Mr. LANTOS, Mr. LEACH of Iowa, Mr. LEATH of Texas, Mr. LEHMAN of California, Mr. LEHMAN of Florida, Mr. LELAND, Mr. LENT, Mr. LEVIN of Michigan, Mr. LEVINE of California, Mr. LEWIS of Florida, Mr. LIGHTFOOT, Mr. LIPINSKI, Mrs. LLOYD, Mr. LOEFFLER, Mr. LOWRY of Washington, Mr. LUKEN, Mr. MACK, Mr. MANTON, Mr. MARKEY, Mr. MARTIN of New York, Mrs. MARTIN of Illinois, Mr. MAVROULES, Mr. MARTINEZ, Mr. MATSUI, Mr. MAZZOLI, Mr. MCCAIN, Mr. MCCLOSKEY, Mr. MCCOLLUM, Mr. MCCURDY, Mr. MCGRATH, Mr. MCHUGH, Mr. MCKERNAN, Mr. MCKINNEY, Mr. MICA, Mr. MILLER of California, Mr. MILLER of Washington, Ms. MIKULSKI, Mr. MINETA, Mr. MOAKLEY, Mr. MOLINARI, Mr. MOLLOHAN, Mr. MOODY, Mr. MOORE, Mr. MONSON, Mr. MORRISON of Connecticut, Mr. MRAZEK, Mr. NEAL, Mr. NELSON of Florida, Mr. OBERSTAR, Mr. OLIN, Mr. ORTIZ, Mr. OWENS, Mr. PANETTA, Mr. PASHAYAN, Mr. PENNY, Mr. PERKINS, Mr. PEPPER, Mr. PICKLE, Mr. PORTER, Mr. QUILLEN, Mr. RANGEL, Mr. REID, Mr. RICHARDSON, Mr. RINALDO, Mr. ROBINSON, Mr. RODINO, Mr. ROEMER, Mr. ROSE, Mrs. ROUKEMA, Mr. ROYBAL, Mr. RUSSO, Mr. SABO, Mr. SAXTON, Mr. SCHEUER, Mrs. SCHNEIDER, Mrs. SCHROEDER, Mr. SCHUETTE, Mr. SCHUMER, Mr. SHARP, Mr. SHAW, Mr. SHELBY, Mr. SHUSTER, Mr. SILJANDER, Mr. SIKORSKI, Mr. SISISKY, Mr. SKELTON, Mr. SLATTERY, Mr. SMITH of New Hampshire, Mr. SMITH of New Jersey, Ms. SNOWE, Mr. SOLARZ, Mr. ST GERMAIN, Mr. STAGGERS, Mr. STALLINGS, Mr. STARK, Mr. STOKES, Mr. STRATTON, Mr. SUNDQUIST, Mr. SWEENEY, Mr. SWIFT, Mr. SYNAR, Mr. TALLON, Mr. TAUZIN, Mr. THOMAS of Georgia, Mr. TORRES, Mr. TORRICELLI, Mr. TOWNS, Mr. TRAFICANT, Mr. TRAXLER, Mr. UDALL, Mrs. VUCANOVICH, Mr. WALGREN, Mr. WALKER, Mr. WATKINS, Mr. WAXMAN, Mr. WEBER, Mr. WEISS, Mr. WHEAT, Mr. WHITLEY, Mr. WILLIAMS, Mr. WIRTH, Mr. WISE, Mr. WOLF, Mr. WOLPE, Mr. WORTLEY, Mr. WYDEN, Mr. YATES, Mr. YATRON, Mr. YOUNG of Florida, Mr. YOUNG of Missouri, and Mr. ROE):

H.J. Res. 428. Joint resolution to prohibit the sales of certain advanced weapons to Jordan; to the Committee on Foreign Affairs.

By Mr. FLORIO:

H.J. Res. 429. Joint resolution to designate July 2, 1986, as "National Literacy Day"; to the Committee on Post Office and Civil Service.

By Mr. LAGOMARSINO:

H. Res. 300. Resolution supporting the intent of the President to discuss with leaders of the Soviet Union American concerns with the Soviet presence in Afghanistan, and for other purposes; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII,

MS. MIKULSKI introduced a bill (H.R. 3628) for the relief of Rukert Marine Corporation of Baltimore, Md.; to the Committee on Ways and Means.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII sponsors were added to public bills and resolutions as follows:

H.R. 58: Mr. RICHARDSON.

H.R. 85: Mr. DASCHLE.

H.R. 400: Mr. BONIOR of Michigan.

H.R. 506: Mr. BROWN of Colorado.

H.R. 692: Mr. ORTIZ, Mr. MITCHELL, Mr. FROST, Mr. STRANG, Mr. RUSSO, Mr. SUNIA, Mr. CHANDLER, Mr. BURTON of Indiana, Mr. TOWNS, Mr. SABO, and Mr. HUGHES.

H.R. 875: Mrs. SCHROEDER, Mr. SAVAGE, and Mr. MATSUI.

H.R. 983: Mr. COLEMAN of Texas, Mr. DYSON, Mr. CHANDLER, Mr. MOODY, Mr. TAUKE, Mr. BENNETT, Mr. JONES of Tennessee, Mr. HENDON, Mr. MRAZEK, and Mr. RODINO.

H.R. 989: Mr. YOUNG of Florida.

H.R. 1059: Mr. SPENCE and Mr. HARTNETT.

H.R. 1207: Mr. GOODLING, Mr. BEDELL, Mr. BROWN, of Colorado, Mr. HEFTEL of Hawaii, Mr. MOORE, Mr. WORTLEY, Mr. YATES, Mr. ZSCHAU, Mr. SHAW, Mr. WEBER, Mr. GREGG, Mr. ASPIN, Mrs. MEYERS of Kansas, Mr. HARTNETT, Mr. BOSCO, Mr. FROST, Mr. KRAMER, Mr. LAFALCE, Mr. MCKINNEY, Mr. STAGGERS, Mr. WATKINS, and Mr. WOLPE.

H.R. 1309: Mr. RODINO and Mr. LOWRY of Washington.

H.R. 1538: Mr. BONIOR of Michigan.

H.R. 1594: Mr. FAUNTROY and Mr. FRANK.

H.R. 1627: Mr. ROGERS.

H.R. 1674: Mr. RICHARDSON.

H.R. 1769: Mr. LEHMAN of California.

H.R. 1840: Mr. WILSON, Mr. EVANS of Illinois, Mr. LEHMAN of California. Mrs. LONG, Mr. DAVIS, Mr. SKEEN, and Mr. OBERSTAR.

H.R. 1875: Mr. PACKARD, Mr. MCKINNEY, Mr. MACKAY, Mr. JONES of North Carolina, Mr. LIPINSKI, Mr. EVANS of Illinois, Mrs. BOXER, Mr. GARCIA, Ms. KAPTUR, Mr. TORRES, Mr. DIXON, Mr. TOWNS, Mr. RAHALL, and Mr. LELAND.

H.R. 2001: Mr. TRAFICANT, Mr. ROSE, Mr. MILLER of Washington, and Mr. WATKINS.

H.R. 2157: Mr. TAUKE, Mr. GOODLING, Mr. BARTLETT, Mr. RALPH M. HALL, and Mr. GUNDERSON.

H.R. 2181: Mr. SUNIA.

H.R. 2221: Mr. GRAY of Pennsylvania.

H.R. 2653: Mrs. COLLINS, Mr. CONYERS, Mr. CROCKETT, Mr. DANIEL, Mr. ECKART of Ohio, Mr. GEJDENSON, Mr. GRAY of Pennsylvania, Mr. JONES of North Carolina, Mr. KASICH, Mr. KOSTMAYER, Mr. KRAMER, Mr. LOWRY of Washington, Mr. MCKINNEY, Mr. MOODY, Mr. RICHARDSON, Mr. SWIFT, Mr. SWINDALL, Mr. WEISS, Mr. WILLIAMS, Mr. YATRON, Mr. YOUNG of Missouri, and Mr. ZSCHAU.

H.R. 2700: Mr. DELUGO, Mr. FLORIO, Mrs. COLLINS, Mr. GINGRICH, Mr. WIRTH, and Mr. MINETA.

H.R. 2815: Mr. COMBEST, Mr. CHAPPIE, Mr. LAGOMARSINO, Mr. DORNAN of California, Mrs. HOLT, Mr. COBEY, and Mr. SMITH of New Hampshire.

H.R. 2899: Mr. HOPKINS.

H.R. 3064: Mr. MARKEY, Mr. MARTINEZ, Mr. HANSEN, and Mr. FRANK.

H.R. 3115: Mr. WEBER.

H.R. 3319: Mr. MARTINEZ, Mr. HUGHES, Mr. KASTENMEIER, Mr. LEHMAN of California, Mrs. BOXER, Mr. GARCIA, and Mr. MINETA.

H.R. 3325: Mr. RANGEL, Mr. MOODY, Mr. TORRICELLI, Mr. HAWKINS, and Mr. BERMAN.

H.R. 3346: Mr. WEBER, Mr. ARMEY, Mr. HUNTER, Mr. BEVILL, and Mr. SMITH of New Hampshire.

H.R. 3357: Mr. BADHAM, Mr. SWINDALL, Mr. DARDEN, Mr. DIOGUARDI, Mr. BARTON of Texas, and Mr. LUNGREN.

H.R. 3359: Mr. RAHALL, Mr. WORTLEY, Mr. DANIEL, Mr. APPLEGATE, Mr. MORRISON of Connecticut, Mr. LAGOMARSINO, Mr. DYSON, Mr. CAMPBELL, Mr. HYDE, Mr. DAUB, Ms. KAPTUR, Mr. FROST, Mr. NIELSON of Utah, Mr. DEWINE, and Mr. HENDON.

H.R. 3393: Mr. FAZIO, Mr. PENNY, Mr. ROE, Mr. DELUGO, Mr. MURPHY, Mr. KASTENMEIER, Mr. JONES of North Carolina, Mr. HORTON, Mr. BEDELL, Mr. GLICKMAN, Ms. KAPTUR, and Mr. RANGEL.

H.R. 3416: Mr. LAGOMARSINO, Mr. REGULA, Mr. HENRY, Mr. JEFFORDS, and Mr. Goodling.

H.R. 3438: Mr. VANDER JAGT, and Mrs. COLLINS.

H.R. 3474: Mr. HYDE, Mr. MORRISON of Connecticut, Mr. PRICE, Mr. PENNY, Mr. LIGHTFOOT, Mr. CONYERS, Mr. WHITEHURST, and Mr. WORTLEY.

H.R. 3509: Mr. LELAND, Mr. JONES of North Carolina, Mr. BOEHLERT, and Mr. DOWDY of Mississippi.

H.R. 3515: Mr. BARTON of Texas.

H.R. 3522: Mr. WOLF.

H.R. 3530: Mr. OBEY, Mr. SIKORSKI, Mr. HARTNETT, Mr. DORNAN of California, Mr. OBERSTAR, and Mrs. BURTON of California.

H.R. 3565: Mr. THOMAS of Georgia, Mr. CAMPBELL, Mrs. BENTLY, Mr. GALLO, Mr. KINDNESS, Mr. LEWIS of Florida, Mr. GINGRICH, Mr. DEWINE, Mr. ROBERT F. SMITH, Mr. WILSON, and Mr. BROWN of Colorado.

H.R. 3567: Mr. TORRES, Mr. GARCIA, and Mr. PARRIS.

H.R. 3569: Mr. COURTER.

H.J. Res. 20: Mr. MORRISON of Washington, Mr. BONER of Tennessee, Mr. DIOGUARDI, Mr. GEJDENSON, Mr. MILLER of Washington, Mr. TOWNS, Mr. GRAY of Illinois, Mr. DE LA GARZA, Mr. DELLUMS, Mr. DAUB, Mr. MCCOLLUM, Mr. CAMPBELL, Mr. DREIER of California, Ms. FIEDLER, Mr. GILMAN, Mr. GINGRICH, Mr. HARTNETT, Mr. HUNTER, Mr. IRELAND, Mr. MACK, Mr. MOLINARI, Mr. PASHAYAN, Mr. RITTER, Mr. SCHAEFER, Mr. SKEEN, Mr. SLAUGHTER, Mr. STRANG, Mr. WALKER, Mr. WYDEN, and Mr. LATTA.

H.J. Res. 47: Mr. DASCHLE, Mr. SAVAGE, Mr. GORDON, and Mr. SCHEUER.

H.J. Res. 122: Mr. MCKINNEY, Mr. MCEWEN, Mr. LOTT, Mrs. MEYERS of Kansas, Mr. DINGELL, Mr. MILLER of Ohio, Mr.

DORNAN of California, Mr. HYDE, Mr. MICHEL, Mr. DIOGUARDI, Mr. LUNGREN, Mr. JONES of Tennessee, Mr. APPLEGATE, Mr. STANGELAND, Mr. MOORHEAD, Mr. MCDADE, Mr. LOEFFLER, Mr. DICKINSON, Mr. DANIEL, Mr. BROOMFIELD, Mr. RUDD, Mr. BILIRAKIS, Mr. YATRON, Mr. MACK, Mr. CARNEY, Mr. COURTER, Mr. FRENZEL, Mr. GALLO, Mr. HAMMERSCHMIDT, Mr. HARTNETT, Mr. HUNTER, Mr. LEWIS of California, Mr. MARTIN of New York, Mr. CLINGER, Mr. TAUZIN, Mr. MOORE, Mr. SPENCE, Mr. CAMPBELL, Mr. SWINDALL, Mr. BLAZ, Mr. IRELAND, Mr. PACKARD, Mr. EDWARDS of Oklahoma, Mr. PRICE, Mr. STARK, and Mr. WILSON.

H.J. Res. 127: Mr. CARPER, Mr. LATTA, Mr. MOLINARI, Mr. AKAKA, Mrs. BENTLEY, Mr. BONER of Tennessee, Mr. DORNAN of California, Mr. DYMALLY, Mr. ERDREICH, Mr. RAY, and Mr. MRAZEK.

H.J. Res. 267: Mr. COBEY.

H.J. Res. 391: Mr. FAZIO, Mr. HORTON, Mr. SCHEUER, Mr. CHAPPIE, Mr. ROWLAND of Georgia, Mr. MARTIN of New York, Mr. ROE, Mr. LIVINGSTON, Mr. SMITH of Florida, Mr. HOYER, Mr. WOLF, Mr. MORRISON of Connecticut, Mr. WEISS, Mr. MCKINNEY, Mr. HARTNETT, Mr. CAMPBELL, Mr. CHANDLER, Mr. BATEMAN, Mrs. KENNELLY, Mr. REID, Mr. BOUCHER, Mr. BONIOR of Michigan, Mr. DE LA GARZA, Mr. DANIEL, Mr. MATSUI, Mr. LEVIN of Michigan, Mr. ERDREICH, Mr. BONER of Tennessee, Mr. JONES of Tennessee, Mr. FASCELL, Mr. YOUNG of Alaska, Mr. VOLKMER, Mr. FROST, Mr. RANGEL, Mr. MCEWEN, Mr. DORNAN of California, Mr. DERRICK, and Mr. EMERSON.

H.J. Res. 416: Mr. DIXON.

H.J. Res. 417: Mr. YATRON, Mr. HENRY, Mr. GALLO, Mr. FRANK, Mr. BILIRAKIS, Mr. BEDELL, Mr. LEVINE of California, Mr. SEIBERLING, Mr. KOSTMAYER, Mr. WILSON, Mr. LIVINGSTON, Mr. NEAL, and Mr. KASTENMEIER.

H.J. Res. 424: Mr. MURPHY, Mr. BRYANT, Mr. MOORHEAD, Mr. DIXON, Mr. YOUNG of Alaska, Mrs. BENTLEY, Mr. WATKINS, Mrs. BYRON, Mr. KASICH, Mr. JONES of North Carolina, Mr. HORTON, Mr. CARNEY, Mr. MOORE, Mr. GINGRICH, Mr. ADDABBO, Mr. FAZIO, Mr. MCGRATH, Mr. SCHAEFER, Mr. COBLE, Mr. BURTON of Indiana, Mr. DAUB, Mr. KLECZKA, Mr. DANIEL, Mr. DWYER of New Jersey, Mr. RAHALL, Mr. BERMAN, Mr. FRENZEL, Mr. MANTON, Mr. BOUCHER, Mr. NIELSON of Utah, Mr. REID, Mr. DE LA GARZA, Mr. SWINDALL, and Mr. HOWARD.

H. Con. Res. 198: Mr. GARCIA, Mr. ADDABBO, Mr. BOSCO, Mrs. BURTON of California, Mr. CROCKETT, Mr. MATSUI, Mr. MOAKLEY, Mr. MOODY, Mr. MORRISON of Connecticut, Mr. RANGEL, and Mr. WEISS.

H. Con. Res. 208: Mr. BONIOR of Michigan, Mr. BERMAN, Mr. HUGHES, Mr. BEDELL, Mr. WHEAT, Mr. CROCKETT, Mr. FAUNTROY, Ms. KAPTUR, Mr. UDALL, and Mr. RICHARDSON.

H. Con. Res. 210: Mrs. MARTIN of Illinois, Mr. FROST, Mr. GRAY of Pennsylvania, Mr. WILSON, Mr. LIPINSKI, Mr. REID, Mr. DAUB, Mr. PORTER, Mr. HOWARD, Mr. FAZIO, Mr. MATSUI, Mr. THOMAS of Georgia, Mr. FRANK, Mr. KINDNESS, Mr. BEDELL, and Mr. SIKORSKI.

H. Res. 268: Mr. WOLPE and Mr. MCCOLLUM.